

# The NATIONAL UNDERWRITER

Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.

30¢ a copy  
\$7.50 a Year

April 14, 1961  
65th Year, No. 15

The National Weekly Newspaper of Fire and Casualty Insurance

## Farmowners Policy Filed In 5 States, Midwest Agents Told

**Indiana Gives Green Light;  
Approval Is Expected In  
Ohio, Ill., Iowa And Neb.**

The long-awaited farmowners form has been filed in five middle western states and approved in Indiana, probably effective late this month or early in May. This was announced at the farm breakfast session of Midwest Territorial Conference of National Assn. of Insurance Agents in Chicago this week by H. K. Scott, farm superintendent Aetna Fire. Approval is also expected in the other states—Ohio, Illinois, Iowa and Nebraska.

Mr. Scott, who is also president of Farm Underwriters Assn., reviewed the development of farm combination coverages, starting with adding hail to windstorm insurance, introduction of extended coverage, schedule forms and

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## NAII Workshop Draws Record 600 To Chicago

The workshop meeting of National Assn. of Independent Insurers that was run off last week in Chicago attracted 600 representatives of company members, making this the most successful of these affairs NAII has conducted. The meetings were held at the Edgewater-Beach Hotel with as many as four sessions running simultaneously at times during the 2½ days that provided registrants with everything from plain speaking, down to earth tips to a look at the world situation by TV commentator Norman Ross, and a very well attended reception.

### Two Executive Sessions

Two executive sessions were conducted, one for the general membership and another for claims people. Topics covered at the other meetings included claims, assigned risks, personnel administration, statistics, casualty underwriting, multiple line underwriting and methods and procedures. All of the sessions were conducted by the panel method.

At the casualty underwriting session, a five-man panel moderated by A. E. Kraus, vice-president Government Employees, took up substandard automobile, modernizing the general liability manual, the role of the underwriter, and a plan for exchanging information on experience rated risks. Taking part were Stuart H. Struck, president Dairyland Mutual; W. V. Siegfried, director of underwriting property and casualty lines Nationwide Mutual; John B. Claypoole, underwriting manager Republic Indemnity; E. L. Henninger, general under-

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## Direct Billing, Continuous Policies Get Endorsement From Company-Agent Panel

The official policy of National Assn. of Insurance Agents to oppose continuous policies and direct billing, reaffirmed at the NAIA annual convention last fall, will have trouble standing up with the bulk of the membership if the opinions expressed by members of a panel discussing this subject at the Midwest Territorial Conference in Chicago last week are indicative of feelings in the rest of the country. The two agents and the two company men participating summoned not a single argument against either continuous policies or direct billing, and the only question from the audience that reflected on the introduction or use of these practices came from a member who wanted to know why the companies persisted in introducing such ideas when it was known that the official policy of NAIA is against them.

Moderating the panel was H. W. Mullins of Rockford, who last fall presented a study to NAIA showing that half or more of NAIA members are already using direct billing and continuous policies. His committee recommended at Atlantic City that NAIA clarify its position to provide that continuous policies and direct billing are not necessarily in violation of the principles of the agency system. He was

voted down by the National Board of State Directors, who took a strong stand against the procedures.

The panel members were John J. Batenburg, Racine, and Arthur M. O'Connell of Cincinnati, representing the agents' position, with C. N. Mulligan Jr., resident vice-president in the western department of Fireman's Fund, and Donald M. Witmeyer, vice-president Great American, on hand for the company side.

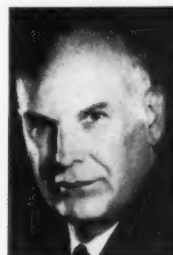
The consensus of this group was that new methods are inevitable as part of progress, that competition has adopted automation and has stolen a march on the agency companies, so that, like it or not, some remedial methods have to be taken. Continuous policies and direct billing represent efficiency procedures that offer the agents a chance to compete. It may not be too palatable now, but later on it could turn out to be a good thing if properly adapted

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## Isaacs To Be V-P Of Continental Casualty In Charge Of Casualty

Edgar E. Isaacs is joining Continental Casualty and will be elected executive vice-president in charge of casualty operations.

Mr. Isaacs' background covers 30 years in insurance in branch and home office underwriting and production roles. He began his career with the Aetna Casualty and after 13 years went with American Auto for nine years. For the last nine years he has been with Atlantic Mutual as vice-president in charge of countrywide casualty operations.



E. E. Isaacs

## Midwest Agents Reaffirm Aversion To Direct Billing

**Make Clear Panelists In  
Favor Of New Plans Didn't  
Speak For Conference**

Delegates to the meeting this week at Chicago of Midwest Territorial Conference of National Assn. of Insurance Agents voted Tuesday to reaffirm the parent body's opposition to direct billing and continuous policies. The action followed by 24 hours a panel discussion of this subject that gave the definite impression agents were leaning to acceptance of these by-products of automation. It was to erase the possibility of such thinking that the Midwest Conference restated NAIA's resolution adopted last September at Atlantic City. John Templeton of Terre Haute, chairman and past president of the Indiana association, put a statement into the record in which he said he felt it "highly possible that those members of the press in attendance at Monday afternoon's panel discussion . . . and those members of our respective state associations not in attendance . . . might gain the impression that we . . . have given our approval to the use of . . . direct billings and continuous policies." (The report in the adjoining column, written the night before, indicates Mr. Templeton couldn't have been more accurate in his misgivings.)

### Not 100% In Accord

But it wasn't without some discussion, not all of it backing NAIA and its actions, that the Atlantic City resolution was given new endorsement. H. W. Mullins of Rockford, who moderated the panel, and those who participated in the program Monday, were more or less on the spot, and Mr. Mullins and John Batenburg of Racine offered a few words of explanation and justification; not enough, however to change the vote.

This issue arose at the final session,  
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Speaker at the luncheon meeting of Pacific Insurance & Surety Conference at Santa Barbara was California Commissioner F. Britton McConnell. Others at the head table are, from left to right: Carl Fisher, vice-president Pacific Indemnity; Dana L. Jones, vice-president Ohio Farmers; Mark A. Wells, president Insurance Journal; Mr. McConnell; Charles W. Ferguson, president Balboa; Lawrence A. Appley, president American Management Assn.; James T. Blalock, vice-president Pacific Indemnity, and W. A. Brooks, vice-president, Oregon Automobile. Story on page 8.

# NYFIRO's Broad Function Stresses Some Irreplaceable Bureau Values

By JOHN N. COSGROVE

Rating bureaus have been the subject of many negative and even disparaging comments in recent years. In disputes between competitive insurers, bureaus are often dragged in by the heels and pilloried for their alleged faults. Seldom, if ever, are their constructive contributions to the business mentioned, much less credited.

A recent visit to the New York metropolitan division of New York Fire Insurance Rating Organization on a typical working day revealed a scope

of operation frequently forgotten by those in the business and perhaps completely unknown to outside observers—particularly government commentators on bureaus.

The visit to NYFIRO disclosed that the organization in effect takes the fire business by the hand and guides it through the technical maze of an average day. On such a day, approximately 5,000 daily reports and endorsements are processed in NYFIRO's metropolitan stamping department. Of these, between 10% and 15% are criticized

for faults. This is a realistic illustration and measure of errors made by agents and companies in applying rates, computing premiums, describing coverage and using the appropriate form.

By extending this typical day into the annual activities of all five stamping offices of NYFIRO, some measure of the help needed by the business in the fundamental activity of producing policies may be gained. In 1960, the stamping offices reviewed 1,763,948 daily reports of which 12.9% were criticized for mistakes. Some 752,000 endorsements were reviewed with a criticism rate of 6.5%.

In scrutinizing 4,232 reporting form dailies in 1960, the stamping offices found that 60.3% were written or computed incorrectly and that 4.2% of 7,474 reporting form endorsements were subject to criticism. Since agents frequently consult their companies on the writing of reporting forms and sometimes ask the company to prepare policies for them, the criticism rate of 60.3% speaks for itself.

At the request of Inter-Regional Insurance Conference, NYFIRO recently made a four week criticism study of daily reports and endorsements clearing through its five stamping offices from Feb. 20 to March 17, 1961.

The study revealed that 3,277 dailies and endorsements called for increased

## Gives Results Of Nationwide Surveys Of Auto Renewals

Statistics compiled by Nationwide Mutual on automobile non-renewals were analyzed for members of National Assn. of Independent Insurers attending the workshop session last week in Chicago by Calvin Kytte, vice-president, in a talk entitled "Why Policyholders Cancel."

Nationwide Mutual has made three studies of cancellations resulting from non-payment of premium, two of them by mail and one by personal interview. The first was conducted in 1954 on policyholders in the Columbus region. Of 400 persons queried, 22% responded. Early in 1960, the West Virginia regional office sent out letters to policyholders who had not renewed asking them to explain why, and on 5,000 inquiries the company received a 21% response. Later that year a personal interview study was made of 400 policyholders in western Ohio, and this analysis, Mr. Kytte said, is the most significant because the answers represent a full investigation into the problem.

### Questions Value Of PR

Before giving the statistics, Mr. Kytte advised the audience never to underestimate the average man's indifference to and misinformation about insurance. He questioned the value of leaping into a major public relations program to sell and tell the story of insurance to a public that is almost aggressively unwilling to learn.

Nationwide's concern with cancellations grew out of the fact that the company in the first six months of 1960 had 222,000 automobile policyholders not renew and in the last six months 227,000. Yet there was a net gain in policyholders in 1960 of 95,000, indicating on the face of it that 544,000 new policyholders had to be put on the books to account for the non-renewals.

There were found to be seven major reasons why policyholders failed to renew.

One was the feeling that rates are too high, and in the personal interview survey this was given by 21% of those studied. Yet, Mr. Kytte pointed out that Nationwide has always been competitive in price, and 25% of the persons who didn't renew because they could get it cheaper were paying more in the other company, and half of the people who changed said their new insurance included the family compensation coverage which is exclusive with Nationwide Mutual. This is an-

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## Competition And/Or The Future Doesn't Worry Small Companies, NAIL Is Told

The persons least worried about the outlook for small and medium sized insurance companies are the persons connected with those companies—they feel they have all the advantages in a tough competitive situation. Four members of a panel on this subject spoke exclusively in optimistic terms at the concluding session of the workshop meeting of National Assn. of Independent Insurers last week in Chicago.

Fenton A. S. Gentry, president Southern Fire & Casualty and president of NAIL, moderated the panel on which the star performer was H. O. Hirt, manager Erie Insurance Exchange, who summed up the hotly competitive rate and coverage situation by saying, "The old line companies have started something they can't finish. They have a bear by the tail, they should worry."

### See Definite Advantages

The smaller companies feel they have some definite advantages that are largely a result of their youth and size that, along with their independence from bureau restrictions, can be parlayed into almost positive success. Among these advantages:

—The independents go into a competitive battle with the cream of the business.

—They are used to fighting and cutting it close, and in fact, many of them welcome that atmosphere.

—They have had to work on a narrower expense margin, but they still make money so they can return something to the stockholders or to the insured without having to rely on investment income.

—They are close to their producing force, close to their underwriting force, and they can react promptly.

—They are not bound by bureau rules and are free to experiment, change, innovate or imitate.

—They can get more capital because they offer an attractive price earnings ratio to investment bankers.

—They are not bound by tradition or old rules that decree things can be done only one way.

—Smart use of reinsurance allows them to offer practically anything the larger companies can offer.

Besides Mr. Hirt, the panel members were Charles E. Hagar, vice-president American Fire & Casualty of Orlando; Edward Lowder, executive vice-president Alabama Farm Bureau, and Perry D. Inhofe, president Mid-Continent Casualty.

Mr. Hirt, who was one of the or-

ganizers of Erie Exchange in 1925, led off the panel with an old-time oration full of adjectives, humor and sharp verbal attacks on the bureaus and their members. He contended that the stimulating competition of independent companies has caused the growth of both the established and the new insurers. Up until the depression that began in 1929, the stock companies concentrated on lush living, Mr. Hirt charged, offering insured minimum coverages and high rates, with plenty for the stockholders. Expenses often exceeded 50%. This was a perfect setup for adventuresome competitors who

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## Gerber Committee Plans Executive Meeting, May 2-3

The subcommittee of NAIC to study and review fire and casualty rating laws and regulations (the Gerber subcommittee) has scheduled an executive meeting in the New York department offices May 2-3 to consider preliminary reports of the special subcommittee. One of the reports is on formulating principles and general aims and the other on developing specific amendments as recommended in the report submitted to the December, 1960, meeting of NAIC.

The subcommittee also has made specific appointments to meet individually in executive session with representatives of various segments of the industry to review, in detail their views on the issue of prior approval.



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222 West Adams Street  
Chicago 6, Illinois**GAB Reports Broad  
Activity In 1960**

General Adjustment Bureau's 1960 annual report details accomplishments in the first full year of operations since the merger with Western Adjustment.

The scope of GAB's activity on a national scale is illustrated by the fact that on every working day in 1960 nearly 8,100 losses and claims were concluded. By department, the average number closed each day was: Eastern 1,480; southeastern 1,396; southwestern 1,130; western 3,073, and Pacific Coast 1,019.

GAB adjusted 2,017,711 losses in 1960 compared with 2,058,996 in 1959. Extended coverage, windstorm and hail covers accounted for more than a million losses or 52.2% of the 1960 total. Losses paid came to approximately \$800 million.

In 1960, losses under \$100 comprised the largest portion of assessment losses adjusted. They accounted for 64% of the total. Losses between \$100 and \$200 produced another 15%. Less than 10% of all 1960 losses were for more than \$500.

In the report, Kenneth B. Hatch, Reliance, chairman, and Ben M. Butler, president, noted that GAB plans to emphasize more strongly than ever its cost control program. Accordingly, all operations will be budgeted more completely for better control.

In 1960, GAB management strove for uniformity in procedures, practices and forms and for improvement in supervisory functions to upgrade the quality of loss and claim service. Educational facilities were accelerated and personnel selection was improved.

**Mutual Of Hartford Plans  
Casualty Running Mate**

Mutual of Hartford is planning to organize a casualty insurance company to write automobile. It will be chartered in Maryland but have head offices with the parent company in Hartford and the same management.

**Joins D. K. MacDonald & Co.**

Donald U. Seaman has joined the staff at Spokane of D. K. MacDonald & Co., northwest insurance brokers. He began in insurance at Seattle in 1947 with Washington Surveying & Rating Bureau, leaving in 1949 to join Crum & Forster as a field man, becoming resident manager of Washington and northern Idaho. Most recently he has been insurance department manager of a real estate and insurance firm in Aberdeen, Wash.

**\$525,000 Put Up To Aid  
United Public Of Ind.**

A total of \$525,000 in cash has been made available to help rescue United Public of Indianapolis, which is in the hands of the Indiana department after a deficiency of about \$1 million was discovered.

The new money was put up by "interested parties" identified as former owners. In return they received releases from any and all actions arising from the insolvency of the company. Among those given release were Attorney Theodore R. Dann; William S. Ramey, who headed a group of underwriters who bought the company in June, 1960, and some of the former owners including William L. Schloss, president Indianapolis Morris Plan Corp., Morris Plan Corp. itself, and Ernest R. Lee, executive vice-president of the Morris Plan.

The Indiana department took over United Public in January when it was alleged to be insolvent or was in imminent danger of insolvency just six months after it had been sold. Involved in this transaction was Mark H. Kroll, who has become prominent in insurance circles in connection with Michigan Surety, Ins. Corp. of America, Highway Ins. of Chicago and other transactions.

United Public was sold in June of 1960 for \$950,000. It had been owned by a group known as Schloss Bros., and the buyers were U. S. Underwriters Inc., headed by Mr. Ramey. The sale was financed by New York banking houses on a six-month basis after Mr. Kroll posted a \$950,000 indemnifying bond to hold all interested parties harmless. At the end of six months, the New York financiers did not renew the financing and United Public by Feb. 16, 1961, was in the hole \$1,037,501.

The \$525,000 just posted will permit the processing and paying of some of the claims.

**Dallas Casualty Assn.  
Names New Officers**

Dallas Casualty Underwriters Assn. has named the following officers: John Oehlschlaeger, Massachusetts Bonding president; Michael Halouzka, American International Underwriters, 1st vice-president; Leon Embry, Employers Casualty, 2nd vice-president; Claude Savage, Hardware Mutual, secretary, and James Stakes, Royal-Globe, treasurer.

Named to the executive committee were McCarty Dowell, North British; Harold Hartling, Hartford Accident, and Mel Davison, Employers Mutual of Wausau.

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## Inter-Regional In Move For Continuous Homeowners Renewal

Inter-Regional Insurance Conference has recommended to interested rating bureaus for filing in all states where the 1959 homeowners is approved an optional "continuous renewal plan." The recommendation provides an optional payment plan whereby the policy term may be set at three, six or 12 months with option to renew, subject to consent of the company, by payment of renewal premium prior to expiration date.

The varying terms are suggested, Inter-Regional states, to provide flexibility to accommodate any particular company's operations. Inter-Regional has called member companies' attention to the mortgage problem in connection with the recommendation. A requirement of homeowners is that actual notice be given to the mortgagee in order to terminate the policy with respect to his interests. Inter-Regional suggests that precaution be exercised to determine that a mortgagee will accept a short term policy before companies use it in a given case.

## Kunches Is Executive V-P Of Lincoln Cas.

Joseph C. Kunches, formerly vice-president of A. E. Strudwick Co., re-



Elmer Schultz



Joseph Kunches

insurance brokers, has joined Lincoln Casualty of Springfield, Ill., as executive vice-president. He has had 16 years of experience in fire and casualty, as well as in reinsurance in domestic and London Lloyd's markets.

Elmer W. Schultz has been appointed manager at Portland, Ore., for Lincoln Casualty and North-West Ins. Co., an affiliate writing fire, marine and casualty in Oregon and Alaska. He has been with Lincoln since 1953, as field adjuster at St. Louis, home office supervisor and assistant claims manager. He was formerly U.S. Marshal for the southern district of Illinois.

## Rainey Becomes Zurich Manager At Seattle

Zurich has appointed Jack L. Rainey manager at Seattle to succeed Robert J. Deardorf, who has resigned.

Mr. Rainey went with Zurich in 1959 as a fire supervisor at Seattle. Previously he had been with General of Seattle for 13 years as superintendent of the metropolitan fire department and in charge of Oregon fire underwriting.

## Great Central Makes Changes

Great Central has appointed Albert R. Clubb home office service director and has placed Daniel Patzer in charge of a new data processing and programming department. Mr. Clubb was with Preferred Risk Mutual, and Mr. Patzer was manager of the tabulating department.

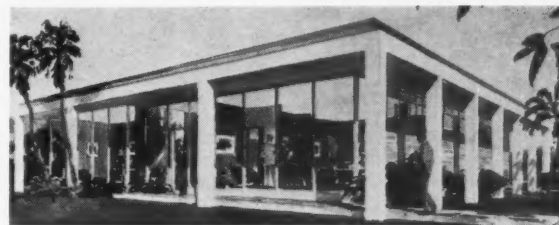
Robert C. Mears, formerly with

Industrial Casualty, has been named manager at Des Moines of a three-state region.

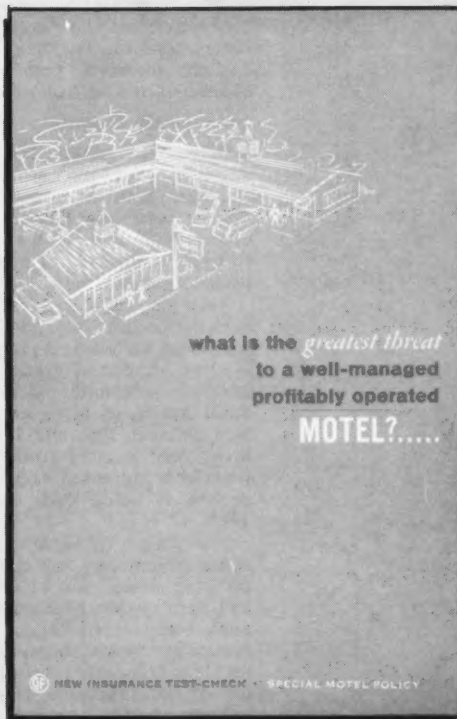
State Farm Mutual Auto's Lake Central regional office building now being built at West Lafayette has been redesigned to include about a third more floor space than was originally planned. Edward B. Rust, president State Farm Mutual said the increase in size would not delay the opening of the office, scheduled for September. The extra space raises the cost of the entire structure to about \$1,200,000.



## Florida Agents Move Into New Hq. At Tampa


Florida Assn. of Insurance Agents has moved into its new building at Tampa. The \$53,000 structure contains approximately 2,700 square feet of floor space, consisting of three private offices, bookkeeping area, entrance foyer, employees' lounge, and work room. The overhead area is lighted in panels with recessed acoustical ceiling.



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## \$45.5 Million Of Insurer Shares Are Sold In One Day

NEW YORK—By all odds the largest sale of insurance stock occurred April 4 when, in one day, an 83-firm syndicate of which Morgan, Stanley & Co. and Wood, Struthers & Co. were joint managers, disposed of \$45.5 million of Travelers, Hartford Fire and Connecticut General shares. These were the Aetna Life holdings in these companies. They consisted of 157,850 shares of Travelers, which went at \$115 a share, 257,176 shares of Hartford Fire at \$64, and 56,000 shares of Connecticut General Life at \$210.

### Shows Growing Acceptance

The quick disposal of the shares is regarded on Wall Street as testimony to the growing acceptance of the growth character of insurer stocks by the investing public.

The \$45.5 million sale followed by approximately a month the sale of \$22

million of Aetna Life stock by Travelers. That sale also was handled by a group headed by Morgan, Stanley & Co. and Wood, Struthers & Co. It consisted of 218,000 shares at \$102.

### Safe Driver Plan In N.J. Poses Problem On Records

N. J. Parsekian, acting motor vehicle director of New Jersey, estimates that his department will need 32 new employees to handle research of driving records in connection with the safe driver plan in the state. The department contemplates purchase of electronic equipment to expedite the job.

The department will not be able to process driver records before June 1.

### Pearl Names Gray In N.C.

Pearl has appointed Turner A. Gray special agent for North Carolina with headquarters in Raleigh. He entered the business in 1947 with North Carolina Fire Insurance Rating Bureau. Later he was with Security of New Haven as North Carolina special agent and in 1955 joined Boston in the same capacity.

## Growth Character Of Fire And Casualty Business Emphasized

Recent developments affecting the investment aspects of fire and casualty insurance company stocks are the subject of a 128-page study by Harry S. Middendorf, resident partner at Boston of the New York Stock Exchange firm of Wood, Struthers & Co. This brings up to date the 1957 study of the same subject by Mr. Middendorf. That book analyzed the long term considerations affecting fire-casualty insurer operations and the long pull results enjoyed by stockholders of 21 principal stock company underwriters. The 21 companies write 41.4% of all premiums written by fire-casualty companies.

The book contains a number of graphs and tables which illustrate the major points of the text. Mr. Middendorf was assisted in the preparation of the material by J. W. Middendorf II, Wood, Struthers & Co., New York, his son, and by Harold P. Brown and Thomas K. Meakin of the research department of Wood, Struthers & Co. at Boston.

Though noting the unfavorable underwriting cycle of the past five years and the intensifying competition for business, Mr. Middendorf reemphasizes the conviction, bolstered by the statistics, that the multiple line fire and casualty business "possesses the basic characteristics of true growth."

### Increasingly Essential

In modern society, he notes, insurance becomes increasingly essential. Business, both manufacturing and retail, is becoming increasingly dependent upon the use of borrowed money. Insurance always has been the prime protector of all credit.

Between 1953 and 1959 the gross national product expanded by 32% and total debt, public and private, by 44%. Written premiums of all stock fire and casualty companies increased 39.3%. Total assets of those companies rose 58% between 1953 and 1957, while net investment income from portfolio investments increased 81%. This rate of growth is being fully maintained in 1960.

The "top" multiple line fire and casualty company has more than \$2 of invested assets per \$1 of net capital and surplus, Mr. Middendorf observes. Such companies compound year after year their entire gain from underwriting. It is from this constant compounding of earnings plus growth of total volume of risks, premiums, assets and net investment income that their stocks have achieved their outstanding long term record of growth in value.

The business is emerging from a prolonged period of adverse underwriting experience. It is, however, well into a highly competitive period. But

Mr. Middendorf believes that the leading bureau companies are moving successfully to meet the competition, with one stop service, direct billing, and other methods of reducing expenses and increasing efficiency. Such companies are developing competitive rating plans and new policies. They are writing superior risks.

### More Combinations

He expects the recent trend toward consolidation to be continued, perhaps speeded up. The acquisition or development of life insurance facilities, though it will affect earnings only slightly in the next few years for those fire-casualty companies newly in the all lines business, will give such combination insurers competitive advantages of great consequences.

Mr. Middendorf also sees ahead the use of highly skilled fire and casualty actuaries as well as life actuaries. Companies must plan carefully for the future. Not the least important planning will be devising means of meeting the insurance needs of the rapidly increasing population of the next decade.

He stresses the value to the holder of fire-casualty insurer stocks of owning stock of the superior underwriting company. Superior underwriting management means a superior agency organization, branch and service offices, completely equipped and staffed, a better balance of risks by territories and by lines. Top companies are able to write the preferred risk, either through superior underwriting and agency strength or through ability to grant rate deviations and still show a fair profit. Their loss and expense ratios are lower.

Mr. Middendorf concludes by emphasizing that insurance stocks are primarily of interest to conservative investors as sound investment for long pull growth of value and of income. Under present competitive conditions and changes that are affecting underwriting practices and rate regulation, "it becomes even more important that investments in this field be made with the greatest selectivity."

### MacMillan Heads Up Mich. Surety Assn.

G. J. MacMillan, Fireman's Fund, has been elected president of Surety Assn. of Michigan.

Leo J. Krepps, Continental Casualty, was named vice-president and Rae C. Bremner, Standard Accident, secretary-treasurer.

### Ind. Lumbermens Mutual Appoints Clarke At S.F.

Indiana Lumbermens Mutual has appointed Richard J. Clarke special agent at San Francisco. Mr. Clarke, who has been with the company since last summer as an underwriter, will service the northern California valley territory.

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## Independent Insurers Are Told Of Pitfalls Of Independent Filing

The pitfalls which make independent multiple line filing suicidal to the insurer which is not prepared for them were described by C. O. Shaver, actuary of Nationwide Mutual Fire. Despite these pitfalls, the industry can benefit from a "breath of the fresh air of independence in the rating field," he said, and he advocated that independents set up a cooperative advisory rating organization of their group.

Speaking last week at the multiple line underwriting workshop of National Assn. of Independent Insurers at Chicago, Mr. Shaver pointed out that there is more to making independent multiple line filings than in just cutting prices. Insurers, especially the small and medium-sized ones, must determine if the filing is feasible in respect to manpower, money and time available, if there are qualified actuaries and sufficient experience to make the rates credible, and if the filing is economic from a procedural standpoint.

He said the problems of filing rates independently for one line and maintaining bureau affiliation for another will be encountered more and more as the packaging of fire and casualty coverages together gains momentum. Insurers which wish to remain competitive in the dwelling field have scarcely any alternative but to come up with a homeowners' policy.

### Represents Broad Challenge

The new motel package developed by Inter-Regional Insurance Conference may be modified for apartment houses, hospitals and other risks, and this will represent a challenge on a broad front to independents, he declared. A company which has limited its writing to either fire or casualty may lack authorization for one or the other coverages under a package program. It must obtain authority for all the coverages provided for, and this takes time, adds to workloads and requires extra expense.

The time element itself can be costly, he said. Any delay in authorization can mean the loss of policyholders to agents who already have the new product. "You can be certain that the accounts which will be lost under such circumstances will be your best, and in the insuring of motels the selection of risks will be very important indeed," he remarked.

The IRIC program includes casualty coverages which must be written at rates already filed by or on behalf of the insurer, and most independent fire companies are neither affiliated with a casualty bureau nor have independent casualty filings. "To make use of the multi-peril program in all of its coverage provisions, we have to choose between affiliating or making independent filings," he said. Exclusively casualty insurers will have a similar problem and will find it difficult to avoid at least subscribing to fire rating bureaus, since motels of any size are schedule rated, and the applicable fire and EC rates are obtainable only from the rating bureau.

The ability of underwriting and statistical departments to keep pace with independent filings, he said, depends on the number of man hours available, the technical competence of the departments, and in the case of the statistical units, the capacity and speed of data computers.

Since statistical codes vary, company experience cannot be compared with

industry experience. Companies programming their own statistical plan will find that there aren't enough columns on an IBM card to accommodate all the data needed. Also, there is a time lag between the close of the period covered by experience and the production of reports. Too often the reports reach the user too late for maximum benefit. "It would seem likely, therefore, that the statistical departments of most independent companies are hardly prepared to keep pace with independent filings," Mr. Shaver concluded.

### Points Out Advantages, Too

Mr. Shaver tempered his uninviting picture of the problems of independent filing by pointing out the advantages that may be obtained therefrom. The independent filer gains greater flexibility in its operations, and this is conducive to efficiency and economy, which in turn produces a competitive

advantage. The policyholder gets better insurance at lower cost.

These advantages, however, can be achieved only when insurers have the "wisdom, imagination and dedication to make their independence of service to the public and to the industry," he said, adding that this independence must be based upon actuarially sound principles and practices.

"In light of present day developments, I am convinced that independent insurers need a cooperative advisory rating organization of their own," Mr. Shaver declared. Maximum long-term gains will not be attained by attacking existing agencies, for example, compelling fire rating bureaus to function as public utilities and share their compilations with everybody.

An independent multiple-peril rating organization is needed to do the research and development that no small independent is capable of doing alone. Only in this way, he said, can the independent obtain the economies and advantages of joint action without "submitting to the restrictive and repressive tendencies associated with exist-

(CONTINUED ON PAGE 37)

## Okla. Agents' Assn. To Meet May 12-13

Insurance department, company and agent representatives will appear on the annual convention program May 12-13 of Oklahoma Assn. of Insurance Agents at Oklahoma City.

Industry speakers will be Commissioner Joe B. Hunt of Oklahoma, John R. Barry, president of Corroon & Reynolds; Woodward Melone, vice-president Fireman's Fund; and Cooper M. Cubbedge, Jacksonville, Fla., vice-president of National Assn. of Insurance Agents.

Also on the program are Kenneth McFarland, renowned inspirational speaker, and Lt. Gov. George Nigh.

### Empire Mutual Discounts

New Jersey has approved a new 15% discount off manual for auto BI, PDL, and PHD for Empire Mutual of New York. At the same time the company's increase in deviation from 15 to 20% on general liability was approved. The 15% deviation on fire was renewed.

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## West Coast Casualty Leaders Hold Annual At Santa Barbara, Cal.

The 12th annual convention of Pacific Insurance & Surety Conference at Santa Barbara drew 75 insurance executives from the Pacific Coast and southwestern states.

The opening session was devoted to a discussion of management problems. It was led by Lawrence A. Appley of New York, president American Management Assn. Presiding was Charles W. Ferguson, president Balboa and president of the conference.

The luncheon speaker was the F. Britton McConnell, California commissioner, who discussed insurance matters of current interest. He was introduced by Mark A. Wells, president Insurance Journal.

At an afternoon session automobile problems in Oregon and Washington were presented by W. A. Brooks, vice-president Oregon Automobile, and Carl B. Birkenmeyer, executive vice-president United Pacific. Reports on the

proposed automobile commission plan were presented by Eugene Majeskie, San Mateo attorney, and James T. Blalock, vice-president Pacific Indemnity.

A discussion of unemployment and unemployment disability insurance was presented by Eugene L. Wyman, Los Angeles attorney; new developments in workmen's compensation were discussed by Fred Drexler, senior vice-president and secretary Industrial Indemnity, and social security was discussed by Carl Fisher, vice-president Pacific Indemnity at the session the second morning.

At the afternoon session, discussions of current legislation were presented by Mr. Blalock, for California; Mr. Brooks, for Oregon; Mr. Birkenmeyer, for Washington; and E. S. Willis, vice-president Employers Casualty, for Texas.

New officers elected to serve for the 1961-62 term are president, Carl Fisher, vice-president Pacific Indemnity; vice-president, Ben H. Mitchell, president Employers Casualty; secretary-treasurer, Mr. Blalock.

Elected to the board of governors were Mr. Birkenmeyer; T. A. Long, president Guarantee; Fred Drexler,

senior vice-president and secretary Industrial Indemnity, and S. Arch Richards, executive vice-president Olympic.

The meetings of Pacific Insurance & Surety Conference were followed by a meeting of the Pacific Coast Advisory Assn. the next day.

## Improved Year For American Surety

American Surety had an improved year in 1960, the annual report by Henry G. Sheehy, president, brings out. The underwriting loss was reduced from \$2,742,000 in 1959 to \$1,548,000. Investment income rose from \$4,065,000 to \$4,312,000, and net income after taxes was \$2,623,000, compared with \$1,241,000 the year before.



Henry G. Sheehy

The company, a member of the Transamerica group, wrote \$52,039,000 in premiums, down \$2,408,000 from 1959. The loss ratio of 63 was the same as in 1959. Expenses were up slightly, from 40.1% to 40.9%, with commissions down slightly, and both taxes and other operating expenses up slightly.

The loss ratio for most lines improved—from 67.7 to 62 for auto liability, 49 to 47.7 for miscellaneous liability, 75.2 to 73.1 for workmen's compensation, and 57.9 to 54.8 for fire and allied lines, including multiple peril. The ratio for fidelity and official bonds rose from 31.8 to 35, for surety from 32.2 to 54.8, for inland marine from 54.7 to 60.4, and for burglary and glass from 39.8 to 49.3.

### Trends Reversed

Mr. Sheehy observed that though many of the adverse factors which have confronted fire and casualty in recent years continued to do so in 1960, nevertheless, many of the adverse underwriting trends have been reversed. The decline in premiums was largely due to a change in recording fire premiums on three and five year business.

The operations of American Surety and Pacific National have been combined and the program of integration of the two operations is well under way, Mr. Sheehy reported. Regional offices have been established in New York, Philadelphia, Chicago and San Francisco. This should produce closer liaison with the 40 branch and service offices, closer contact with producers and insurance buyers, and more effective claims service. American Surety has adopted a broad hospital and medical expense plan for employees, most of the cost of which is paid by the companies.

### Southern 1752 Club Elects

Southern 1752 Club has elected Charles H. Grubb of Shelby Mutual president; Frank E. Britt of Marshall general agency vice-president; James H. Boudman, Harleysville Mutual, secretary, and Marshall Robinson, Grain Dealers Mutual, treasurer. C. P. Dobbins of John Ratterree & Co. and Donald W. Duiser, Michigan Millers Mutual, were elected to the executive committee for three-year terms.

## Underwriting Gain, Premium Rise For J. A. Munro Group

The Prudential-Skandia-Hudson reinsurance group, according to the annual report of J. A. Munro, president, had satisfactory results in all areas of operation in 1960.

Written premiums increased by 11.5% to a total of \$18,606,892. Resources of the three companies increased substantially to a new high level of more than \$40 million. Policyholders surplus, after all liabilities, increased to approximately \$20 million, despite a rise in the unearned premium reserve resulting from increased premium writings.



J. A. Munro

### Donna Losses Heavy

The losses from Hurricane Donna were particularly heavy in the reinsurance field, and American reinsurers were severely affected by the catastrophe. However, in spite of the substantial Donna losses sustained by Prudential-Skandia-Hudson, the group came through the year with an underwriting margin of 1.2%.

The combined underwriting operations for 1960 produced an earned loss ratio of 56.8 and a written expense ratio of 42, for a combined ratio of 98.8. The investment income of the three companies is at the rate of approximately \$1 million.

Prudential-Skandia-Hudson form the oldest professional reinsurance group in America. Skandia has just rounded out 60 years of continuous operation here.

## Smith AIA Chairman

At its annual meeting in Atlantic City, American Insurance Assn. named Clarke Smith, Royal-Globe, chairman to succeed J. Harry Bibby, U.S.F.&G. Guy E. Mann, Aetna Casualty, was named vice-chairman. Re-elected were W. M. Kearns, Sun, treasurer, and John F. Neville, secretary.

Named to the general committee were Commercial Union-North British, Hartford Fire, Industrial Indemnity, Norwich-Scottish group, and Springfield-Monarch.

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## Suffering From Call Reluctance? Psychologist's Rx: Capitalize On Fear

For those who are suffering from a persistent case of call reluctance—a tendency to avoid making sales contacts, whether in person or by telephone—a Denver psychologist has the following remedy: Capitalize on that fear and turn it into an asset.

Speaking before a meeting of Colorado Assn. of Life Underwriters, David W. Merrill, of Reynolds, Merrill, Brunson & Associates, Denver personnel psychologists and industrial engineers, said that some will argue that call reluctance stems from a lack of drive, a lack of aggressiveness, a lack of guts, a lack of self-confidence or a lack of will-power. Actually, however, call reluctance is an indication of something present, not a lack of something, Mr. Merrill suggested.

### Matter Of Degree

Probably every individual who's ever been in a sales position experiences, to some degree, call reluctance, he said. Consequently, it is not so much a question of whether one has it, as it is a matter of degree.

Why is a person call reluctant? An individual avoids calls because he is fearful or anxious—and the anxiety is great enough that it causes him to direct his efforts away from calls rather than toward calls, Mr. Merrill stated. Naturally, all call reluctant persons will go to great lengths to prove that they aren't anxious, aren't fearful. And the smarter the agent is, the more fantastic the rationalizations become.

There is no reason to be afraid of this fear, the speaker advised. Rather, it is a matter of what the agent does with his fear that makes the difference between the outstanding salesman and the call reluctant failure. If the fear can be reduced by making successful, personally gratifying calls, the man will rise to the top; if calls tend to increase the fear, that man will inevitably leave the business.

### Make Fear Work

Capitalize on fear, Mr. Merrill urged. One can't eliminate fear, so make it work. Situations invariably will arise that are shot through with tension, pressure, frustration—and when the salesman learns to live with this fact, when he, in other words, stops running away from fear but accepts it—that man will make a good living as a salesman.

How to harness this fear? It is a mistake to attempt to use will power. Everything ever learned in psychology points out that when an individual tries to rationally or logically control or hide his fear, he is more than likely to get himself into even more difficulty. The trick is to use a certain amount of reasonableness to release the fear and make it go to work in the right direction.

Mr. Merrill said it might be useful

to think of fear as success fuel. This fuel, however, has one peculiar characteristic: It can't be stored up. It must be used as it is generated. Some fuels can be put in a tank and used only when needed. But success fuel must be burned as soon as it is produced. The agent cannot do this by sitting at his desk and trying to burn it. And if he tries to store it, avoiding tendencies will increase and his call re-

luctance will begin to show.

The speaker warned his listeners that if the increased activity still does not burn off all the fear generated, no matter how hard the salesman works, he must face up to the fact that perhaps he is in the wrong business. As a sort of side-note, Mr. Merrill remarked that those who recognize the value of the presence of fear need never be concerned about introducing any more—there is plenty of fear in the business already and it is only necessary to utilize what's there.

The agent must realize that the

very nature of his work produces fear. It is not easy work. It has lots of conflicts. It is basically a commission business and that is reason enough to generate a feeling of insecurity.

The agent must realize that he can't sell everyone. No matter how good a salesman he is, he is bound to get turned down now and then. Many agents simply can't face this situation, or haven't faced it early enough in their training.

The agent should not avoid the fact that his job is difficult, Mr. Mer-

(CONTINUED ON PAGE 30)



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## Pharmaceutical Assn. Hears Haidinger At L.A.

V. M. Haidinger, president of Haidinger-Hayes, Los Angeles surplus lines agency, spoke on products liability at the mid-winter meeting of the western conference of Pharmaceutical Assn. in Los Angeles.

Mr. Haidinger outlined recent court developments which, he said, practically hold the industry "liable without fault." After noting that under recent decisions the privity of contract is no longer a requirement for implied

warranty liability, and reviewing the now-famous Cutter Laboratory case wherein the manufacturer was acquitted of any negligence but was nevertheless held financially responsible for loss, the speaker stated that the manufacturer is virtually a guarantor of his product.

After pointing out that the small manufacturer doing around \$500,000 a year in sales might not recognize his loss potential and either through ignorance or interest in economies, fail to carry proper limits, Mr. Haidinger suggested that the pharmaceutical in-

dustry might explore what has been accomplished in the aircraft industry through the Aircraft Builders' Conference (which establishes satisfactory coverage limits, etc.).

## AFIA Managerial Changes

Peter J. Fornacca, formerly manager at Okinawa and Calcutta for American Foreign Insurance Assn., has been transferred to Rome. Joseph F. Lietzan, formerly resident inspector in Djakarta, Indonesia, has been advanced to manager there.

## More Companies Using Average Commission

A casualty company subscriber writes:

In recent years, several companies have been studying the advantages of setting up an average commission for agencies. A few of them have embarked on a program with certain agents.

There are various methods by which companies average commissions. Perhaps the most common approach is to compute the agent's average commission with the company over a period of at least three years. For example, an agent's average on all lines with the company may be 21 or 21.5%. The agent and company then agree on an average commission of 20%. The agent totals his volume for all lines each month and deducts 20% commission instead of breaking down each line by a rate of commission which may vary from 7.5% to 25% or 30%.

This would save most fair-sized to large agencies a tremendous amount of time consuming detail as well as the possibility of errors. At the end of an agreed period of a year, six months, or less, the company pays to the agent, or issues a credit voucher for, the difference between the actual commission and the average commission taken by the agent.

Unusually large premiums, such as retrospective risks, should be excluded from the computation of average commission as they could materially affect the figure.

One objection by some agents is that all the companies in their offices have not set up such a program. Another is the fact that companies may make unintentional errors. However, the idea is becoming more popular.

## Moore Opens Phila. Unit, Names Harrisburg Manager

Dudley L. Moore Inc., Atlanta surplus lines brokers, has opened a Philadelphia office with Thomas E. Cozens as resident vice-president. Thomas T. Meredith has been appointed manager at Harrisburg, Pa.

New Jersey department has admitted Sul America Terrestres, Maritimos e Accidentes Companhia de Seguros as a surplus lines insurer. The company is managed by South American Managers Inc. of Philadelphia.



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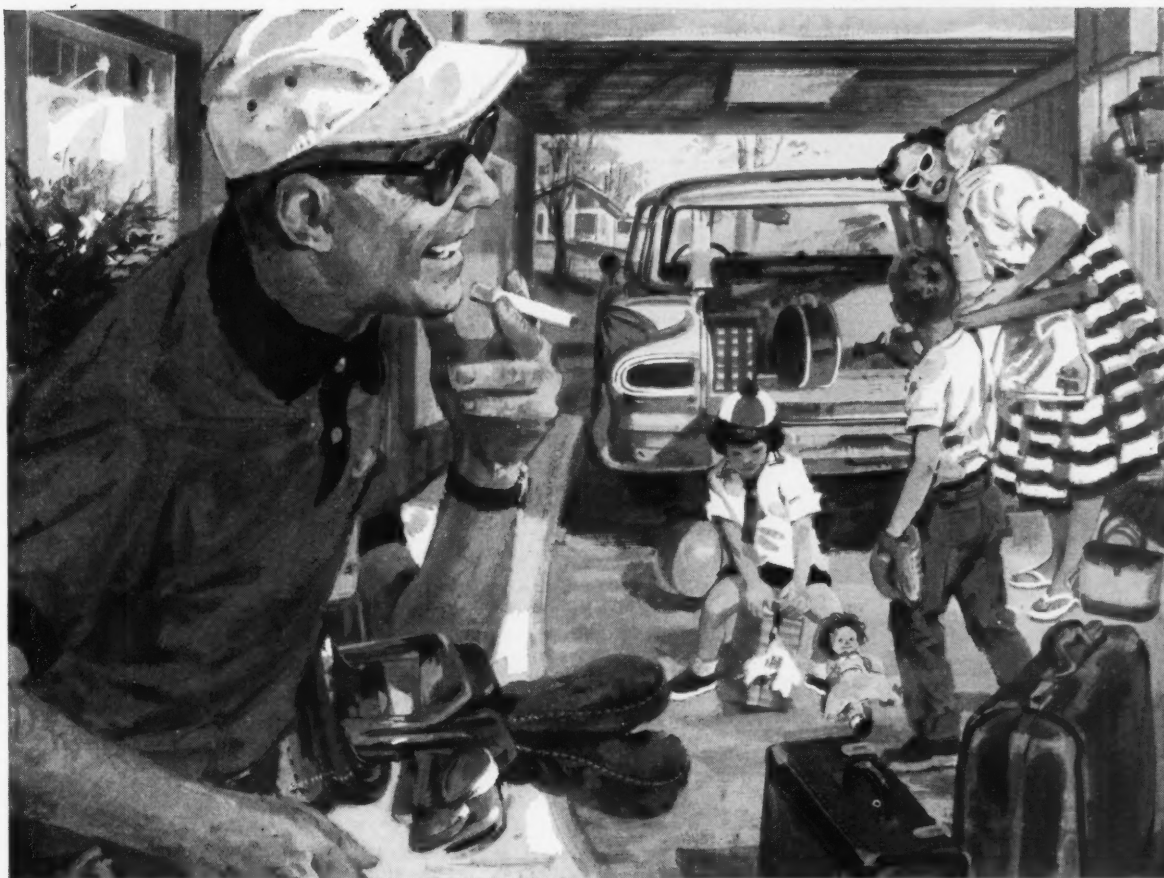


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## “How I turned a \$10 inquiry into an \$826 premium . . . on the spot!”

by a Cleveland insurance agent

“One day not long ago, I received a telephone call from one of my clients inquiring about a Schedule Fidelity Bond for his office clerk. Bob Layne, Special Agent for *The American*, happened to be in my office at the time and suggested that we make an appointment right then to discuss the matter with my client.

“During our visit, Bob surveyed and analyzed their entire Crime Insurance Program and made alternate quotations *on the spot* to coincide with his recommendations. My client was very impressed with the coverage gaps pointed out by Bob and, as you can imagine, decided against the low-premium Schedule Fidelity Bond in favor of an entirely new program, covered by *The American's* Blanket Crime Policy with a premium of \$826. Furthermore, I was assured that more business would be coming my way shortly!

“It couldn't have happened at a more opportune time. The speedy (and successful) conclusion of our call

on this risk meant that I could leave on time, with my family, on the vacation trip we had planned so long. And as for Bob Layne, I promised I'd send him a postcard first thing. He's one guy I want to keep in touch with!”

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## Conventions

- April 16-18, Alabama mutual agents, annual, Town House Motel, Mobile.
- April 16-18, Eastern Agents Conference, annual, Sheraton Hotel, Philadelphia.
- April 17-18, Iowa mutual agents, annual, Savery Hotel, Des Moines.
- April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.
- April 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.
- April 18, Milwaukee I-Day, annual, Schroeder Hotel.
- April 19, Chicago I-Day, annual, Conrad Hilton Hotel.
- April 20-21, Missouri mutual agents, annual, Hotel Governor, Jefferson City.
- April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.
- April 23-25, National Assn. of Insurance Commissioners, Zone V, Town House Hotel, Omaha.
- April 23-27, American Assn. of Managing General Agents, annual, Camelback Inn, Phoenix.
- April 25-27, National Assn. of Insurance Commissioners, Zone II, Dupont Hotel, Wilmington.
- April 27, Insurance Rating Bureau of District of Columbia, annual, Army & Navy Club, Washington, D. C.
- April 27-28, National Assn. of Casualty & Surety Agents, midyear, Sheraton-Belvedere Hotel, Baltimore.
- May 1-2, Minnesota mutual agents, midyear seminar, Pick-Nicollet Hotel, Minneapolis.
- May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Klamath Lake, N. Y.
- May 4-5, Central Claim Executives Assn., annual, Arlington Hotel, Hot Springs, Ark.
- May 4-5, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.
- May 5-6, Louisiana agents, annual, Edgewater Gulf Hotel, Edgewater Park, Miss.
- May 5-7, Montana mutual agents, annual, Diamond S. Ranchotel, Boulder, Mont.
- May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.
- May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.
- May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse.
- May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.
- May 8-11, National Assn. of Insurance Brokers, annual, Fairmont Hotel, San Francisco.
- May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.
- May 9, Wisconsin agents, midyear, Hotel Lorraine, Madison.
- May 9-10, Insurance Research Fund of University of Wisconsin, Symposium on Workmen's Compensation in a Dynamic Society, Wisconsin Center Buildings, Madison.
- May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.
- May 12-13, Oklahoma agents, annual, Biltmore Hotel, Oklahoma City.
- May 14-15, Nebraska mutual agents, annual, Town House, Omaha.
- May 14-16, Iowa agents, annual, Savery Hotel, Des Moines.
- May 14-16, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.
- May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.
- May 16-19, Insurance Company Education Directors Society, annual, Wagon Wheel Lodge, Rockton, Ill.
- May 16-19, National Assn. of Independent Adjusters, annual, Sheraton Towers Hotel, Chicago.
- May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.
- May 18-20, Texas agents, annual, Galveston.
- May 19-20, North Carolina Health Underwriters Assn., sales congress, Barringer Hotel, Charlotte.
- May 21-23, Tennessee mutual agents, annual, Riverside Hotel, Gatlinburg.
- May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.
- May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.
- May 23-24, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.
- May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.
- May 25-26, Underwriting Executives Council, annual, Neil House, Columbus, Ohio.
- June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.
- June 7-11, National Assn. of Public Insurance Adjusters, annual, Concord Hotel, Klamath Lake, N. Y.
- June 12-14, International Assn. of Health Underwriters, annual, Waldorf Astoria Hotel, New York City.
- June 14-17, Carolinas mutual agents, annual, Grove Park Inn, Asheville, N. C.
- June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.
- June 15-17, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.



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## Wood Joists Withstand Fire Better Than Steel

Unprotected and untreated wood joists are substantially more fire resistant than unprotected steel joists, a test sponsored by National Lumber Manufacturers Assn. has revealed.

In the test, which was conducted by Southwest Research Institute at San Antonio, roof systems built of untreated wood joists and unprotected steel joists were put under a load of 30 pounds per square foot for 13 minutes.

At the conclusion of the test, the wood-supported roof had deflected a half inch, and most of the joist's cross-section area remained unburned and able to bear the load. The steel-supported roof, however, deflected an inch after four minutes' exposure, three inches after seven minutes, and 18 inches after 12 minutes. After the fire was extinguished, deformation of the joists continued until the panel collapsed.

The true fire resistance of structural material, according to the association, should be evaluated in terms of not only combustibility but also of ability to continue to support a load even though exposed to fire.

"Time ratings for various types of fire resistive assemblies are listed in a number of publications," association technicians reported. "Some of these ratings are for wood joists and others are for steel joists. However, in such listings, the data given are for joists covered on the underside with fire-retardant ceilings. The present trend in schools and other buildings is to eliminate the fire-retardant ceiling in the interest of economy. Thus, the comparative behavior of unprotected wood and unprotected steel joists, when exposed to fire, is a significant factor in the design of such buildings."

### Hartford Fire Transfers Jack Carlson To S.F.

Hartford Fire has transferred Jack K. Carlson, most recently special agent at Reno, Nev., to San Francisco where he becomes office manager. He is succeeded at Reno by Eben K. Smart.

Mr. Carlson joined Hartford in 1946 and has had field assignments in San Francisco, Phoenix, Seattle and Reno. Mr. Smart has been with Hartford since 1959 and has served in various underwriting departments at San Francisco, and was a payroll auditor in California and Oregon before his most recent assignment as special agent for Oregon.

### Spencer In Mo., Kansas

Pacific Indemnity has appointed Richard L. Spencer special agent for Missouri and Kansas. He started in insurance with North British and joined Pacific Indemnity in 1959 as assistant to the supervisor of casualty underwriting.

### New Okla. Life Company

Quaker Life has been organized at Tulsa as a running-mate of Mid-Continent Casualty. President of both companies is Perry D. Inhofe. Quaker Life has capital of \$100,000 and surplus of \$100,000.

General Appraisal Co. has moved into new offices at 49 Fremont Street, San Francisco. Arthur J. Baggenstos is district manager. General Appraisal also has offices in Seattle, Portland, Los Angeles, San Diego, Boise, Spokane, Denver, Dallas, Honolulu and Vancouver.



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## Spring Program Of Actuaries Ready

The program has been substantially completed for the spring meeting of Casualty Actuarial Society at Concord Hotel, Lake Kiamesha, N.Y., May 3-5. The meeting opens Wednesday afternoon with four simultaneous seminars, which will then be repeated.

The seminar on current problems in compensation insurance has Russell P. Goddard, New York Compensation Insurance Rating Board, as chairman; on rate making for package policies, LeRoy J. Simon, associate actuary of North America; on accident proneness, Ernest T. Berkeley, Employers Liability, and on market research, L. H. Longley-Cook, North America. The seminars will be followed by a reception.

On Thursday Reinhard A. Hohaus, senior vice-president and chief actuary Metropolitan Life will discuss accreditation of actuaries.

Two papers previously presented will be discussed—one on a new approach to infant and juvenile mortality by C. C. Hewitt Jr., actuary American

International Underwriters, and the other on burglary insurance by R. J. Wolfrum and W. S. Richardson, Liberty Mutual. The banquet will be held Thursday evening.

New papers will be presented Friday. The one on cost of hospital benefits for retired employees by Murray W. Latimer, Washington, D.C., industrial relations consultant, will be reviewed by Allen D. Pinney, assistant secretary Travelers. That on the size of an assigned risk plan by Frank Harwayne, chief actuary New York department, will be reviewed by Paul S. Liscord, associate actuary Travelers. A third paper will be presented on Fitting Negative Binomial Distributions by the Method of Maximum Likelihood by Mr. Simon.

Paul Johansen of Copenhagen, vice-director and actuary Nye Danske group and first chairman of the non-life section of the International Congress of Actuaries, will speak.

Papers previously presented on auto merit rating by Lester B. Dropkin, associate actuary New York department, and on the Canadian merit rating plan by Mr. Hewitt, will be reviewed.

## Phoenix Of London In Sales Award To Mielke

Robert G. Mielke, manager of the Akron service office of Phoenix of



Robert G. Mielke

London, won first prize in the company's incentive program for new and diversified business. He was awarded a 10 day vacation trip for two in Florida.

Service office managers and special agents of the company's eastern department competed in the contest. Six other prizes were awarded, including a color TV set.

Mr. Mielke is the author of Insurance Surveys, a publication of Rough Notes Co.

Henry Doble, San Francisco broker, has reorganized his firm under the name of Henry Doble Co., in association with the Kindler, Laucel & Day brokerage firm.

## Casualty Assn. Names Marsh At Washington

Assn. of Casualty & Surety Companies has appointed David M. Marsh assistant manager and assistant counsel at Washington. He has been with Atomic Energy Commission as a regulations specialist and indemnity analyst with the office of the general manager and division of licensing and regulation. He has been secretary of the atomic energy law committee.

## Norris Joins Ebasco

John R. Norris has joined Ebasco Services as an insurance analyst. He will be associated with Harold H. Scaff, vice-president in charge of management consulting. Mr. Norris has been assistant general manager of General Cover Underwriters Assn. Before that he was with Royal Exchange in Chicago.

## American Casualty Promotes Hulcher

Bernard J. Hulcher Jr., field representative in Virginia for American Casualty, has been promoted to production manager at Richmond. From 1953 to 1958, he was casualty and surety specialist with Davenport Ins. Corp. in Richmond. He has been with American Casualty since 1958.

## Nassau Assn. Nominates

Nassau County (N.Y.) Assn. of Insurance Agents has nominated Howard Makler, Levittown, for president; Joseph V. Caltabiano, New Hyde Park, for vice-president; John Thomson, Port Washington, for treasurer; Richard Sylvester, Freeport, for secretary; and Louis Wolf, Great Neck, and John Nelson, Williston Park, for directors.

## Study D. C. Fire Department

V. Manning Hoffman, president of Firemen's of D.C., has been named by the commissioners of District of Columbia as civilian member of a task force to survey the local fire department in search of inefficiency, waste and extravagance. The group is to report by May 15.

Sayre & Toso producers in southern Idaho will be serviced henceforth by the Portland office, and producers in Utah will be serviced out of Denver. Previously, Sayre & Toso's San Francisco office handled the business from these two areas. The panhandle section of Idaho will be serviced from Seattle. The Denver office is managed by J. Victor Hamilton, and J. H. Marsh heads the Portland office.

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## NYFIRO's Broad Function Stresses Irreplaceable Bureau Values

(CONTINUED FROM PAGE 2)

premiums. The total increase was \$157,538. Conversely, 2,335 of the forms called for decreased premiums totaling \$81,117. In short, inaccuracies in 5,612 dailies and endorsements revealed the need for a net increase of \$76,421 in premiums.

The potential for error in producing policies was illustrated on the typical day of the visit to NYFIRO by a case involving a \$185,000 business interruption policy with premiums payable on the installment plan. All rates were correctly stated, but all premiums for various coverages were incorrectly computed, meaning that, unless detected by NYFIRO, the initial payment and all subsequent payments would be in wrong amounts.

A more modest example was provided by a policy which covered a frame dwelling and personal property therein. However, the form stated that a TV repair service was being conducted on the premises, although the entire policy was written at private dwelling rates. Naturally, the premises had to be specifically rated if that had not already been done.

Critics of the broader aspects of bureau operation might wave these examples away as fly-specks in the over-all picture of the business. But it is interesting to ponder where such corrections would be made if the bureau facility were not available. Put more emphatically, if there were no bureaus, who would be checking to make sure that the insurance buyer receives the coverage he believes he has bought, written on the correct form and at the right rate, with the premiums computed accurately?

While the work of NYFIRO stamping offices might be considered as exclusively negative, it is not. It is corrective and constructive in many ways. For example, during the one day visit to the metropolitan stamping office, the manager of the New York branch of a large company came in with the problem of holding the extended coverage rate down on a \$30 million line in New York City. The line did not qualify for a deductible, but NYFIRO experts were able to advance several rate suggestions to meet the manager's problem.

### Keep Pace With Change

In the metropolitan division, 14 stamping clerks work at top speed, consistent with accuracy, to get dailies and endorsements reviewed, checked and back in the hands of companies and agents within 48 hours. Even though their routine is fixed, the stamping staff is not performing an unchanging job. The staff has had to adapt its functions in recent years in line with competitive changes in the business.

A number of package forms have been introduced, involving new and more complicated factors. Payment plans have been changed, posing problems when endorsements with new payment arrangements are added to policies written under the former system.

Moreover, many new changes are apparently in the cards. Constant internal training programs within the stamping department keep the staff up to date and ready for new developments.

Through its vigilance, the New York metropolitan stamping department guides approximately 5,000 producers and many companies through a typical business day. The department helps producers and companies discharge their fundamental obligation: To pro-

vide coverage as advertised at the proper charge. Thus, in a sense, this stamping unit represents "built in" regulation of the primary function of the business.

In addition, there are many corollary services seldom if ever publicized. NYFIRO helps agents get business on the books by issuing tentative rates on risks that have not been inspected or rated. The stamping department makes application for inspection and rating and puts a tentative charge through on

a "subject to rate criticism" basis. This is invaluable to insured, the producer and the company.

NYFIRO stamping departments also cooperate with companies in checking tailor made and other non-bureau forms. It checks about 100 a month for conformity. Moreover, NYFIRO helps with wording of forms for special accounts and with those containing technicalities. NYFIRO even has a regular consultation service with commercial printing firms which produce

special forms. One house submits all such forms before printing them.

In addition, NYFIRO checks all deviation filings both as to rate and form. No great imagination is needed to visualize the added work in this area imposed by numerous deviations in recent years.

In all of these efforts, the guiding principle of the stamping department is to assist companies using its services to get a quality product into the hands of the purchaser. The public relations aspects of this work cannot be overestimated. One wonders how this would suffer if left to the devices



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NIAGARA FIRE INSURANCE COMPANY	1850
THE FIDELITY AND CASUALTY COMPANY OF NEW YORK	1875
NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.	1866
MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.	1852
COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.	1909
THE YORKSHIRE INSURANCE COMPANY OF NEW YORK	1926
SEABOARD FIRE & MARINE INSURANCE COMPANY	1929
NIAGARA INSURANCE COMPANY (BERMUDA) LIMITED	1959
ROYAL GENERAL INSURANCE COMPANY OF CANADA	1906



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of individual companies.

Long before the stamping department goes into action, much basic groundwork is laid by other NYFIRO experts and staffs. The inspection department, for example, is in on the ground floor of many building projects in the state. In fact, the inspection department is in on the pre-blueprint stage of planning. NYFIRO receives an average of five to six inquiries a day from architects who wish to consult on cutoff features, isolation of certain operations and protection of hazards. These consultations, leading to savings

in construction and insurance expense and to conservation of life and property, are one of the most constructive public relations jobs performed by the business.

At the last Worlds Fair in 1939 in New York, NYFIRO experts supervised the laying out of water supplies and mains in addition to over-all inspection of buildings. An inspector remained on the fair grounds for the duration of the exhibition. At Freedomland in New York, NYFIRO inspectors also helped solve the problem of water supply—a challenging assign-

ment, since 63 of the 81 buildings are sprinklered. At Freedomland, they also inspect all buildings and keep a wary eye on change of occupancies.

When the UN building was in the planning stage, the building commissioner of New York City sought and readily received the help of NYFIRO in connection with structural plans and particularly with respect to problems arising out of the presence of garages, print shops, adequacy of water supply and other protective features.

When a sprinkler contractor obtains

business on a bid basis, one of his first steps is to send his plans to NYFIRO for criticism and comment. The bureau experts review pipe sizes, spacing and availability of water. This procedure often results in substantial savings for the contractor and his customer. Proper sprinkler installation, of course, has even greater value in conserving life and property. This is another example of centralized public relations accomplishment which individual insurers could probably match only with difficulty and considerable expense.

#### Scope Of Work

NYFIRO inspectors are not limited to work on large and romantic projects. They have a rigorous schedule of daily performance which benefits those directly and indirectly involved. Their work transcends pure insurance considerations and takes in the welfare of everyone in the state.

The inspection department usually has in hand at a given time 2,300 applications for inspection. It "knocks these off" at the rate of 400 a day, with each of 52 inspectors accounting for eight or nine unsprinklered risks. These men range over a wide area, inspecting everything from small mercantiles to large piers jutting into the waters around Manhattan. In a day, their work may take them from a modest grocery store to the largest industrial plant. They encounter problems wherever they go—sometimes in locales which might be considered the ultimate in safe construction.

For example, in the imposing and modern Chase Manhattan Bank building, certain problems were encountered with regard to paint rooms and print shops, and were solved by inspectors' recommendations. In another building of modern construction, the inspectors found a sizable watch repair operation being conducted by a tenant. Some 40 persons were concerned in this work, introducing human element hazards. Working with insured and his broker, the inspectors recommended safeguards which held not only the watch repair firm's rate down but left unaffected the rates of other occupants of the building.

As they visit and inspect thousands of properties in the state, NYFIRO inspectors are often the very first contact an insured or prospective insured has with a representative of the insurance business. Since these inspectors are obviously working in behalf of insured—his economic welfare and even his physical safety—the public relations job they do is of the first magnitude.

#### Complex Process

After the inspector's work is done, his report on a given inspection goes to the raters at NYFIRO. This procedure of rating is not so simple as it appears. For example, on the day of the visit to NYFIRO's office in New York City, one property to be rated was a five story and basement brick building. The inspector's report described the construction and details of occupancy. There were retail stores on the first floor and a radio repair shop. The upper area of the building was occupied as dwellings.

A full description of operations in the radio shop was included—number of people engaged, tools they used, heating arrangement and the use of blow torches.

Descriptions of the automatic sprinkler protection, standpipes, fire extinguishers and other protective features were included. With all this information in hand, the rater's first job was to select from 12 schedules the



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one that applied in this case. Each tenant was rated from the base rate applied to each occupancy and to the building. Credits were applied for protection and charges for defects. Finally, a classified experience adjustment on the class of the building and occupancy was applied. This risk is a modest example of a variety that daily crosses each rater's desk.

#### Problems Everywhere

Once every five years, the Empire State Building is rerated. Even in this famous structure, problems are sometimes encountered by inspectors and consequently by raters. All occupants and the nature of their operations must be identified. In the Empire State, commercial art firms or companies employing artists have in the past been found to be using large quantities of rubber cement. Sometimes in a large skyscraper, a dry cleaning unit using flammable cleaning fluids will be brought to light.

On sprinklered risks, the rater must apply all the factors pertinent to ordinary risks, plus engineering features such as the water supply, sprinkler layout, pumps and tanks, alarm systems and other special considerations.

After the rater's work is done, the information goes to a typing pool in the metropolitan office where typists produce through a multilith process the finished rating card for each property. On the Empire State, there are 17 separate cards covering all occupants. In most cases, NYFIRO gets a rate out in four days to two weeks after application. If assignments involve trips to outlying districts, if premises are found locked, or if there is other delay, the time required to complete an application may run to 60 days.

#### Cost Could Not Be Matched

After the rate cards are completed and are sent out to companies and producers, questions often arise. NYFIRO's metropolitan division has a staff of experts to deal with such questions. Producers daily visit the office and consult with these experts. Owners of properties sometimes come in. The NYFIRO staff goes over the rate makeup in painstaking detail and suggests further improvements for the benefit of insured—conservation of his property and savings on his insurance.

Just how an individual insurer would go about doing inspection work and rating as efficiently and economically as NYFIRO is a matter for conjecture. Some light was shed on this question at a New York insurance department hearing in 1958 when a vice-president of a leading independent company said: "As nearly as we can presently determine, the cost of undertaking this work independently (the work of rating every mercantile establishment in the state) would materially exceed the cost of buying rating service for these classes from NYFIRO. I think that our present view is that it would be uneconomic and impractical to force us to rate all our mercantile business."

#### Community Service

As a regular part of the specific day-to-day functions of NYFIRO, the organization also undertakes municipal fire protection surveys of communities under 25,000 in population. These are investigations in depth of every aspect of community life with a bearing on fire protection: Fire department, water supply, fire alarm system, building department, fire prevention and general structural conditions. Thus, the surveys affect the safety and the insurance costs of residents and of those

doing business in the community.

Even in this long established work, NYFIRO has not stood still. Where formerly an over-all report on a community inspection was submitted both to the municipality and to the fire insurance companies, NYFIRO has now adopted separate reports.

The new underwriting report to companies succinctly sets forth the pertinent factors in a given community. For example, a report made on an upstate New York village last August tells underwriters much they need to know to guide them in operations in this locale. The report sets forth the location of the village with respect to well known communities, describes the industrial and economic conditions of the village, its population, topography and other related information. The reason for reinspection is explained.

#### Rate Data

In addition to the over-all community grading, the new type of underwriting report gives complete rating information. In the example cited, the report states that Class B fire rates are no longer warranted in areas covered by 12 of the 51 village hydrants, due

to the inability of these 12 hydrants to provide even the minimum required fire flow of 500 gallons a minute at 20 pounds residual pressure. A map clarifying the locales is attached to the report. No immediate rate increase is being applied, the report continues, but local authorities are being advised of the need for immediate improvement if present rates are to remain in effect. The report points out that the present 36 cent key rate is justified on most commercial and industrial properties in areas served by the other 39 hydrants.

Each municipality surveyed receives a complete report in the ultimate interest of all its citizens. It is doubtful that many of them realize that the fire insurance companies through NYFIRO help keep their community fire safe, enable it to qualify for lower rates, help established businesses to flourish and make the community attractive to new businesses and to prospective residents. It is also doubtful that governmental critics of bureaus have considered these inherent values of NYFIRO and similar organizations.

At a New York insurance department hearing several years ago, a

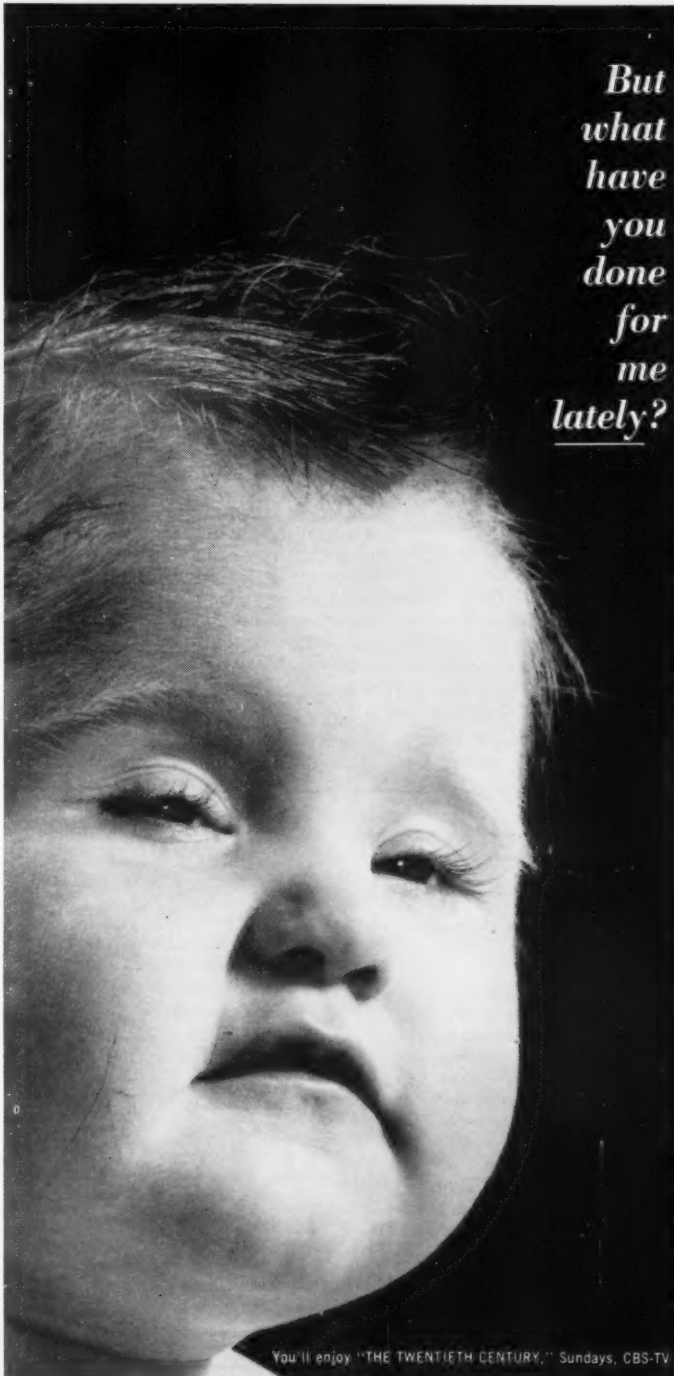
spokesman for NYFIRO testified that the organization's working files were worth approximately \$20 million. However, the real value of NYFIRO could be substantially in excess of that figure, for it takes no account of the skills, experience and devotion of the career men in its management and of the technical staffs.

#### Could Not Be Duplicated

At all levels of operation, NYFIRO employees are performing daily tasks in behalf of insurers (whether they are members or subscribers or not) which could scarcely be duplicated by individual companies.

Most important of all, NYFIRO is not coasting in the efficient discharge of its duties. In line with its determination to keep ahead of changes in the business, the bureau several years ago set up a management development program. Significantly, a number of companies were so impressed that they requested copies of the training manual. The philosophy, the technical features and the constructive effects of this management training program will be discussed in a subsequent article on NYFIRO.

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## Editorial Comment

### Settlement Amount vs Asking Price

One student of the business suggests that if newspapers could be induced to publish what the plaintiff got alongside what he asked for it might have a sobering effect on the public. Some might sue for less; a few might not sue at all.

Undoubtedly, the box car figures asked by plaintiffs when their lawyers file suits encourage people to ask outlandish amounts in negligence cases. It is the big figure that the newspapers use—\$500,000 or \$5 million has news value for size alone; \$500 or even \$5,000 has very little.

The pattern for the realistic comparison story might be: "Moses Miserable sued Manfred Mixedup for \$100,000. He got \$1,000."

Two factors make it unlikely that newspapers would promptly start using such stories, if the suggestion were made to them. One is that fundamentally newspapers are concerned with the unusual, the outlandish, and the non-normal. The other is that a story of this kind would require a follow-up of possibly five or six years between filing of suit and final settlement.

Yet it is not wholly unlikely that some editors, if the matter were called to their attention, might occasionally use a story of this kind. The idea would be materially forwarded if claims men and defense attorneys made the information readily available to the editor at the time of final settlement.—K.O.F.

### Marketing: Its Value And Current Price

Insurance is a vast and complex business about which it is, possibly, less safe to generalize than many other American enterprises, even of comparable size. For one thing, basically in the fire and casualty business a company sometimes makes more money by not selling its product than by getting it in the hands of users.

But another illustration of its complexity and size is that in a time when marketing in the usual meaning of the term is being developed energetically by many companies, there is flowing a contrary tide of bringing down the cost of acquisition for competitive reasons.

Descriptions of the situation are frequent. The news letter of Mutual Fire Insurance Assn. of New England states that "commission reductions and rate-cutting will go hand-in-hand as insurance companies scramble to improve their competitive positions in the property insurance field. Already, top-level spokesmen for the industry have served blunt notice on agents that such cuts are coming. Almost weekly, new contracts and plans appear, some with the agents' commissions cut in half."

Stock company agents found this out quite a while back. That prices of

competitors generally are coming into much closer proximity is evidenced by this from a Louisiana mutual agent: "So down the proverbial drain goes the only advantage ever held by most mutual agents—price differential." Or, the report that the premium of one of the largest exclusive agent companies on its specialty, auto coverage, now is only 7% away from that of many agency insurers.

In other businesses, and in the field of economics generally, the theorists, examining the facts, have concluded and are advocating that values are added to product by the marketers of product, that is, by retailers and wholesalers. The latter are as much "producers" as are manufacturers and add values to the product's capacity to satisfy human wants. Of the four utilities, form, place, time, and possession, all but form utility are added by marketing.

As Robert B. Miner of Ohio State University recently pointed out, unless management recognizes this value-added approach, marketing executives constantly are cast in the role of apologists and top management is prone to underrate the central importance of marketing in the strategy of

business success. Service following the sale is one important item in the bundle of utilities, especially in the case of insurance.

It should be pointed out also that more and more fire and casualty companies are recognizing that their fortunes are tied up with those of their agents, and are seeking ways of increasing income of agencies by helping increase sales, or, even, of increasing commissions in relation to volume, diversification, well underwritten business, and other practices that have proved they reduce the per unit cost of doing business with an agency.

In fact, several companies have discovered that they are doing much better with agents with whom they have conferred on practices and product. The reexamination of each other, companies by agents and agents by companies, seems bound to produce better results for both—and for insured as well.—K.O.F.

Sigma Pi, national professional business administration fraternity. Kenneth Black Jr., chairman of the department of insurance at the college, said Mr. Westlake "has the finest academic record of any student who ever enrolled at Georgia State College and studied insurance under our program." Mr. Westlake was with Bankers Life & Casualty in Kansas City and manager of its Columbus, Ga., office prior to opening his own agency in Atlanta.

## Deaths

**HENRY C. PORTER Jr.**, 67, local agent at Columbia, S.C., died. Prior to forming the agency in 1947 he was with Royal-Globe.

**PALMER E. BUNKER**, 56, head of the accident prevention department of Auto-Owners, died of a heart attack. He joined the company in 1946, and he had been in charge of industrial safety and fire inspection activity since 1948.

**PHILIP G. OGLE**, 48, director of procurement for Nationwide Mutual group, died.

**ARTHUR ALDRICH**, 63, office manager of Mutual Benefit H.&A. at Springfield, Ill., died. He had been with the company 30 years.

**WILLIAM T. CARLISLE**, 64, local agent at Atlanta, died. He opened the agency under his name in 1933. He was past commander of the American Legion post in Gainesville, Ga.

## Personals

**H. Ellsworth Miller**, the new president of Maryland Casualty, has been



H. Ellsworth Miller



William T. Harper

with the company since 1953, when he started as an attorney in the claims division. He became chief claims attorney in 1950 and vice-president in charge of claims in 1954 with full responsibility for all casualty, bond, fire, and marine claims. As president, Mr. Miller is chief administrative officer. **William T. Harper**, who has been chairman and president since 1954, continues as chairman and chief executive officer.

**James R. Westlake**, president of Southern Agencies, Atlanta, has been elected "Deltasis of the Year" by the Georgia State College chapter of Delta

### NAMIA Issues Booklet On Marketing, Names Advertising Aids Firm

The advertising and selling committee of National Assn. of Mutual Insurance Agents has prepared a six-page guide on the fundamentals of an advertising program for mutual agents. Committee members participating in the booklet's preparation were Charles J. Venema, Kalamazoo; Claude E. Spencer, Danville, Ill., and William Swigart, Huntington, Pa.

The guide, which appeared initially in the association's publication, Mutual Review, includes a table of recommended advertising expenditures in cities of 25,000 and 50,000 population.

Art Advertising Associates of Arlington, Va., has been appointed exclusive representative for the sale of all advertising aids to NAMIA members. In placing orders, members should write to NAMIA headquarters or to the Arlington firm, 3865 Wilson Boulevard.

### Mutual Engineers' Assn. Names New Officers

Assn. of Mutual Insurance Engineers at the annual meeting in Philadelphia, April 4-6, elected H. H. Giddens, Employers Mutual, president; W. H. Powers, Grain Dealers Mutual, 1st vice-president; J. O. Ford, Nationwide Mutual, 2nd vice-president; N. B. Tkachuk, American Manufacturers, secretary-treasurer, and L. B. Bates, Lumber Mutual, technical secretary. The association is sponsored by Federation of Mutual Fire Insurance Companies.

The annual hearing in Missouri on workmen's compensation experience rating plans role and procedures will be conducted April 20 at Jefferson City.

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## Direct Billing, Continuous Policies Endorsed By Panel

(CONTINUED FROM PAGE 1)

to changing agency practices. The agents expressed a little concern about the possibility of losing ownership of expirations unless they were dealing with companies that would guarantee the agent's position. Messrs. Mullican and Witmeyer pointed out that their economy plans agency contracts give the same guarantees as to expirations as regular agency contracts, and that all "right thinking companies" would adopt such language.

### Won't Affect Ownership

In his introduction to the panel, Mr. Mullins remarked that more than 100 companies have gone on record with a guarantee that direct billing and continuous policies won't affect ownership of expirations. He wondered if the agents were to spend more time ringing doorbells and less complaining to each other about conditions in business whether things would be so tough as they are. No business and no business man can obstruct progress, he remarked. He asked a series of questions for the panel to take up, among them:

—Does electronic data processing constitute progress and does the maximum use of it involve direct billing and continuous policies?

—Does this in turn threaten ownership of expirations?

—Are agents worried more about the loss of business (through loss of expirations) than about use of direct billing and continuous policies themselves, and would positive assurance on the score of expirations help allay their fears?

—Are delivery of a policy and collection of premiums the vital role in an agency operation?

### Automation Is Necessity

Mr. Batenburg said he believes automation is an economic necessity for the entire insurance industry. Any threat to the agency system can be overcome by the system itself, he declared. If the agents want to remain independent, the best way to do it is to keep public confidence and that can be accomplished by an aggressive outlook and the adoption of new methods. Agents have to use better procedures and be alert to the ways in which efficiency can be increased both in operation and in business acquisition.

It is better to abate the threat that continuous policies and direct billing might pose to ownership of expirations than to lose the expirations by losing the customers themselves, he said. He suggested that agents surround them-

selves with reliable and aggressive companies, ask for the best contract they can get both from the standpoint of commissions and contingencies, but steering clear of production gimmicks. The agent can ask his company how it feels about expirations, thus getting the insurer on the record.

He also suggested a study of office procedures to get the maximum producing time for all men in the agency, use of direct mail which puts the agent in regular communication with his customers, and a direct billing expiration file which can be handled just as any other expiration—the agent making his calls before the bills go out to check for adequate limits, number of cars, possibility of adding new coverages, etc.

### Alternative Is To Die On Vine

In other words, he said, the agent can capitalize on direct billing and continuous policies to make his position stronger. The alternative to progress of this kind is to die on the vine or merge.

Mr. Mullican said the main problem between the agents and the companies on the direct billing issue has been lack of communication. The companies have known the benefits and assume that all the others in the business saw them, too. Then a cry arose from the field and for a time there was considerable misunderstanding.

### Efficiency Is Order Of Day

Mr. Mullican said the old line companies have learned the hard lesson that efficiency is the order of the day and that machine billing and continuous policies are vital parts of the new methods that have to be adopted. This is no threat to ownership of expirations, he assured the agents. It involves no loss of agent-customer contact. Agent ownership of expirations is a legal fact that is recognized in the regular agency agreement and in the Fireman's Fund economy auto agreement as well.

Just because the bill carries the name of the insurance company, the agent is not left out. There is no diminution of opportunity for service. Mr. Mullican wondered if the only reason for contact between an agent and his insured today is to hand him an expiration notice or collect money. He said ownership of expirations doesn't depend on clerical handling of billing as much as on using good companies and giving policyholders what they want.

### Have Traditionally Opposed Change

Mr. O'Connell, a former chairman of the Midwest Territorial Conference, took a look at the problem from a deep perspective. He prefaced his remarks by pointing out that agents have always been poor prognosticators. They have traditionally opposed change and have usually accompanied this by charging that the change proposed constituted a threat to the agency system.

Years ago the issue was service offices and branch offices, and for years the agents fought their introduction. Instead of bringing ruin to the agency system, today these offices are regarded as an essential to provide the services that agents want and need in their territories.

Installment payments once were believed to be the start of chaos, and so were deductibles in the fire policy. When the supreme court decided insurance was interstate commerce, the agents thought they were going out of business, and when taxes were im-

posed on local boards it was thought that these organizations would not be around long.

New things are distasteful, they disrupt the easy routine and are subject to rejection because of built-in prejudices, Mr. O'Connell remarked. But, he observed, it is tough to fight a competitor who gets 15% first year commission and only 6 to 8% renewal. Direct billing is a concession to the agent to make up for the cut he has to take in a mechanization procedure. Continuous policy is only a catch word, actually it constitutes a renewal receipt, a sound, sensible, time-tested method. Mr. O'Connell remarked that the agents might be whipping a dead horse to some extent when they continue to make an issue of direct billing and continuous policies. He advised they forget these issues and adopt economic practices instead of trying to establish who's for who and who's against who.

Mr. Witmeyer said it is a good sign that the point has been reached where the problem of direct billing and con-

tinuous policies can be discussed openly between the companies and agents. Pressures have been developing, new buying habits have been coming into being that have demanded change. The agency system, Mr. Witmeyer said, can't be beaten by any other marketing system, but neither can that system reject new plans just because they have been used first by the competition.

### No Threat To Ownership

He backed Mr. Mullican's comments that the innovations posed no threat to ownership of expirations, but advised agents to deal only with companies about which they have no question. The agents who should worry, he added, are those who are not doing their job now—not seeing the customer, servicing the account, or selling new business.

The agency system has to justify the independent middleman in the insurance marketing scheme, and that calls for adaptation to change, recognition of what the buyer wants, a strong effort to sell quality products at the lowest possible cost, Mr. Whitmeyer pointed out. Continuous policies and

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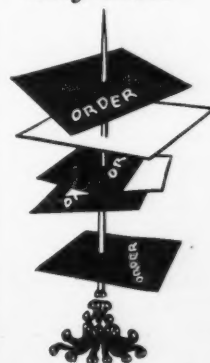
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pointed out. Continuous policies and direct billing are parts of achieving these ends, and are not an end in themselves.

Like Mr. Mullican, he wondered if policywriting and rating each year contribute to an agent's efficiency.

The panel was asked what happens if a company and agent break up in mid-term, how are the billings handled then? Mr. Mullican said the bills would be sent to the agent and it would be up to him to take it from there.

Is the low cost insurance provided through a direct billing method inconsistent with professional service? Mr. O'Connell said that this couldn't change the professional attitude or professional knowledge of an agent.

#### Why Buck NAIA?

At Atlantic City, NAIA went on record against direct billing and continuous policies. Why do the companies persist in trying to sell this program? Mr. Witmeyer answered that it is the question of getting a product to the public at the lowest cost. The insured is not interested in how he gets his bill, but in what protection he has and what service he receives. Direct billing is not a violation of the interests of the insuring public. Mr. O'Connell added that NAIA moves slowly in controversial areas and sim-

ply put off taking a new stand for a time. He said he personally believes NAIA missed the boat and should have been finding ways for agents to move into changing procedures that would produce more money. NAIA probably will decide to take a hands-off attitude in the future, he declared.

What part of the low premium of economy policies comes from expense reduction and what part from commission reduction? Mr. Mullican said collection of premiums in advance and collections direct are worth two or three points in the expense ratio, and commission reduction is worth about five points.

Observing that companies are reporting excellent loss ratios under economy policies, the company men were asked whether this might mean a sharing of the profits later on with agents. Mr. Mullican answered that competition between companies for an agent's business will insure that good agents get the best contracts and the best commissions.

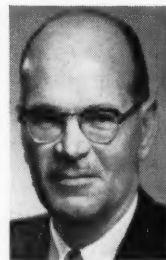
#### Stallings In N. C. Field

H. Clayton Stallings has been appointed special agent for Phoenix of Hartford in eastern North Carolina. He had previously been with Springfield and Reliance.

## Boaz Executive V-P Of New Amsterdam

Carlos C. Boaz has been elected executive vice-president of New Amsterdam Casualty and U.S. Casualty.

Mr. Boaz began his insurance career in 1929 with New Amsterdam Casualty as special agent in Indiana. He was later state agent in charge of Illinois, Iowa and parts of Wisconsin. After progressing to superintendent of the bond department at Chicago and to assistant manager there, he was transferred to the home office in 1946 as assistant secretary in charge of automobile underwriting. He became vice-president, casualty department, in 1946.



Carlos C. Boaz

through the house and senate. Among the likely changes are inclusion of the uninsured motorist endorsement in the policy, having the license plate, which now remains with the car when a trade is made during the year, follow the owner, and an increase in limits of the liability coverage from 5/10/5 to 10/20/5.

## Trinity Universal Names Allen SA At Fort Worth

Hawley H. Allen has been appointed a special agent for the Fort Worth, Tex., area by Trinity Universal. The territory has recently been enlarged and divided between two special agents—Mr. Allen and Charles Henley, veteran field man of the company. Mr. Allen has 13 years of varied experience in multiple-line insurance.

#### Joins Chicago General Agency

Edmund Warren has joined the fire and casualty production staff of Conkling, Price & Webb general agency of Chicago. He has been a field man in Illinois for Royal-Globe since 1952, his most recent territory being the Chicago Loop.

## Zurich Makes Changes At New York, Fresno

Zurich has made four changes in the claim department. Edward J. Haniver, attorney, has been promoted to superintendent of the New York metropolitan claim department. B. Daniel Winn will assume Mr. Haniver's duties as attorney in New York.

Edward J. Geisler, claim superintendent, Fresno, Cal., has been promoted to superintendent of the claim department at Dallas. Peter B. Eldridge has been appointed superintendent of the claim department at Fresno.

Mr. Haniver has been with the New York claim department for 31 years. Mr. Geisler was with Zurich in Pittsburgh as a claim adjuster from 1941 to 1946. After a year with Sun Life of Canada, he rejoined the company in Los Angeles as a claim adjuster in 1947 and in 1954 was transferred to Fresno as superintendent of claims. Mr. Eldridge has been with Royal-Globe in Fresno for eight years as manager of the claim department.

## Solomon Agency Expands Trampoline Coverage

Solomon agency of Chicago is expanding its services to include cover for Trampoline clubs. The agency, which specializes in insurance for the outdoor amusement industry, is headed by Sam Solomon as president. Before founding the agency 11 years ago, he was an actor and song and dance man. Last year the agency had a gross premium of \$250,000, which figure the agency expects to double by the end of 1961 in unusual risk and amusement insurance alone.

The agency's inspectors and adjusters travel constantly to be on the spot in any town where the insured may require them for safety inspections and claim settlements.

Frank McDermitt, agency chairman, and Patrick Doyle, vice-president, head two affiliates of the agency—McDermitt Amusement Co., which handles carnivals in the Cook County area, and McDade & Co., a wholesale discount house.

## N. C. Compulsory Bill Moves

The North Carolina house insurance committee has voted 19 to five to extend the compulsory auto insurance law. The measure is, however, expected to be amended before it gets

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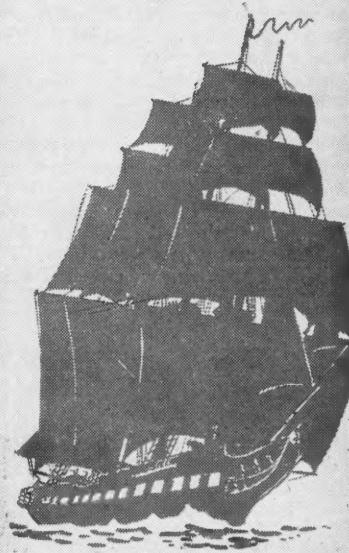
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## Problems Cited At Annual Surety Meet

At the annual meeting of National Assn. of Surety Bond Producers in San Francisco, W. E. Pullen, chairman and president of U.S.F.&G., expressed concern over the lack of understanding between agents and companies. Many comments that he has read or heard in the business seem tinged with distrust, and overlook agent-company interdependence. No agency company can abandon the agency system without liquidating itself, he said.

Mr. Pullen stressed the particular value of agents in surety underwriting and production. The problems that arise in writing contract bonds, because of losses that can result from over-extension during growth, require agents experienced in underwriting and servicing. He suggested that such agents should be able to deal confidently with their companies and that they are worthy of top commissions in percentages and dollars.

James F. Crafts, chairman Fireman's Fund, described how U.S. insurance can help preserve the free world. Other speakers were Sen. Anderson of New Mexico, who discussed the Senate anti-trust and monopoly subcommittee investigations; D. C. Sutherland, vice-president Bank of America, who analyzed current problems in the construction industry; and W. M. Blount, president Blount Bros. Construction Co., Montgomery, Ala., whose talk was entitled "Partners for Progress."

C. H. Ritter, Denver, president of the association, presided over the convention.

## Phoenix Of Hartford In Sales Bonus Plan

Phoenix of Hartford is conducting for its agents a sales contest with a trip for two to Hawaii or Jamaica as the prize for the national winner. Regional winners will receive trips to Nassau, Miami Beach, Vancouver, or to other vacation spots, or a Great Lakes cruise. The contest opened April 10.

## Mich. Department To Keep Independence Another Year

LANSING—Approval by Michigan voters last week of a proposal to call a constitutional convention sealed the doom of a reorganization plan put forward by Gov. Swainson which would have, barring a legislative veto, merged the insurance department into a new department of financial institutions. The program had been opposed by insurance people.

Senate Republicans, who hold a majority in the upper chamber, decided in caucus, directly after election results were known, to have resolutions offered rejecting the gubernatorial proposals. Under a Michigan statute, the executive is given broad governmental reorganization authority subject only to specific legislative disapproval.

## Oelschlegel Addresses Aetna Casualty Grads

The agency system will emerge from the present period of adjustment healthier than ever, Burdet W. Oelschlegel, executive vice-president and treasurer of the Wood agency, Terryville, Conn., told the graduating class of Aetna Casualty's sales course.

The class was led by Robert W. Hartje, Reading, Pa. Blue ribbons for high scholastic standing were also won by Craig Phelps and Michael W. Ford, Chicago; Carl Stahleker III and Douglas E. Poole, Boston; Kenneth K.



Burdet W. Oelschlegel

Nyman, Buffalo; Ronald H. Jensen, Milwaukee; Ralph C. Smith Jr., Baltimore; Eugene R. Hewitt, Philadelphia, and James E. Parks, Dallas.

## Award Gold Ribbons

Gold ribbons for outstanding soliciting techniques were awarded to Jacob D. Dunton, Knoxville; Peter M. Hough, Hartford; Peter V. S. Myers, Fredericksburg, Va.; Mr. Smith, and Mr. Phelps.

Mr. Oelschlegel outlined the advantages of representing companies that offer a wide range of field services. He stressed the assistance that informed field representatives can give an agent and the good will generated by effective claim and engineering services. He urged agents not to stop with single-need selling when dealing with individual accounts.

## Markel Unit Appoints Two

National Claim Service, independent adjusting subsidiary of Markel Service, has transferred Ernest W. Throckmorton Jr. from manager at Richmond, Va., to manager of a new office at Norfolk. George A. Keep Jr. has been

## Taylor Joins IMIB As Aide To Wayne

Robert B. Taylor, former Oregon commissioner and former president of National Assn. of Insurance Commissioners, has been named assistant to Harold L. Wayne, general manager of Inland Marine Insurance Bureau. Mr. Taylor has also been appointed vice-president of Company Service Corp., a service organization for the bureau, Inland Marine Underwriters Assn. and other insurer groups.

Mr. Taylor was in the real estate and insurance business in San Francisco and with Crum & Forster for eight years in the Pacific northwest before becoming Oregon commissioner in 1949. He was elected president of NAIC in 1956. After leaving the Oregon post in 1957, he became president of Mill Owners Mutual of Des Moines, a position he recently resigned. He is a past president of Oregon Fire Underwriters Assn.

appointed manager of the new Portland, Ore., office.

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## McNerney's Mich. A&S Study Notes Danger To Private Industry

ANN ARBOR, MICH.—Whether the United States remains the only large country without compulsory insurance depends upon how it measures up in the next 10 years, Prof. Walter J. McNerney, director of University of Michigan's bureau of hospital administration, said in a talk here.

Mr. McNerney has headed a three-year research study of hospital and

medical care in Michigan and his final report has been awaited with much interest due to the current controversy in the state regarding proposed substantial rate increases for Michigan Hospital Service (Blue Cross) and Michigan Medical Service (Blue Shield).

Organized groups and the government, Mr. McNerney said, are high in the saddle these days, anxious about rapidly rising hospital and medical care costs and increasingly determined to see that their money is well spent and that there are no conspicu-

ous gaps in medical service.

Medical care costs increased 51% between 1947-49 and 1959, he said and, according to his findings, while hospital costs skyrocketed 107%, doctors' fees went up 44%; surgical fees 25%; dental costs 34%, and drugs 21%.

Mr. McNerney said the insurance industry must solve the problem of putting purchasing power in the hands of the aged, indigent, and unemployed. It must also work out controls in partnership with doctors and hospitals that give overt assurance to the public that rising costs are justified.

## Preferred Of Mich. Appoints Rowland Claims Superintendent

Preferred of Grand Rapids has appointed Jay M. Rowland Jr. superintendent of claims. Most recently, he has been claim department manager at Pioneer Mutual Casualty.

Mr. Rowland began his insurance career in 1948 as an adjuster with General Adjustment Bureau. In 1950 he was promoted to storm supervisor and to branch claims manager in 1952. In 1954, Mr. Rowland joined Allstate as claims examiner, later became claims personnel trainer for eight district service offices, and joined Pioneer Mutual in 1959.

## American Universal 1960 Results Good

American Universal and its Canadian affiliate, Newfoundland American, had an underwriting profit of \$130,218 in 1960, an increase of \$93,577 from 1959. Written premiums totaled \$15,685,805, up from \$14,604,244. Policyholders surplus was \$16,455,063.

Investment income was \$405,012, up by \$139,741 from 1959. The operating profit for 1960 was \$535,230, a rise of \$233,218. This resulted in earnings of \$3.30 a share after taxes in 1960.

Assets at the end of 1960 were \$16,455,063 compared with \$15,459,227 at the end of 1959.

## Seattle GA Acquired By Great American

Great American has acquired the Stuart G. Thompson Co. general agency at Seattle. The firm will become Great American's Pacific northwest department. Stuart G. Thompson Jr. has been elected secretary of Great American and will be manager at Seattle, under the general supervision of Robert A. Matthew, vice-president at San Francisco.

Present personnel of the Thompson general agency will continue as Great American employees.

## Sureties Maintain Meters

American Surety and American Re have taken over responsibility for maintenance and repair of 52,000 New York City parking meters. The insurers have issued a performance bond for Broadway Maintenance Corp., whose contract with the city for meter maintenance was canceled by the mayor in March. The insurers retained a Hartford contractor to do the work. The bond runs to June 30.

## North America In Argentina

North America is opening operations in Argentina in all lines except life in conjunction with LaFranco Argentina. Carlos C. Smith will be in charge of the office at Buenos Aires.

Claude J. Yates of Jacksonville has been elected a director of American Fire & Casualty. He is vice-president and general manager of Florida operations of Southern Bell Telephone & Telegraph Co.

Carroll D. Groner, general lines agent and realtor at Chattanooga, has purchased the Quinn Manufacturing Co., maker of Quinco kitchens. He has sold his real estate and insurance businesses to A&A Corp., which will continue these businesses under the names of Groner Realty Co. and Carroll B. Groner Insurance Agency. Manager of the insurance agency will be R. N. Land, treasurer of A&A Corp.

# 52



# accident statements

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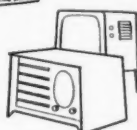
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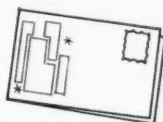
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## La. Court Rules On Temporary Substitute Automobile Definition

The Louisiana supreme court in *Fullilove vs U.S. Casualty*, 21 CCH (Auto 2nd) 798, has reversed a well-publicized appellate court decision in that state and ruled that an insured was not protected by the temporary substitute automobiles provision of his family policy while driving his son's car simply because his own automobile had bad tires rendering it unsuitable for a long trip.

The chief question was whether the father's car had been withdrawn from "normal" use because of the bad condition of the tires. The ruling of the supreme court was that a car must be withdrawn from all normal use and not from merely the most important or primary use. The son's car was used because the insured automobile had bad tires that would be unsafe for the long business trip contemplated. However, the car with the bad tires was used by the wife to go to and from work.

## Roland Lange To Be Chicago I-Day Speaker

Roland H. Lange, vice-president Hartford Fire, will be the featured luncheon speaker at Chicago I-Day, April 19, to be held at the Conrad Hilton Hotel. The all-day sales seminar will be conducted by Merrett-Adams Training Institute.

## FIA Annual Election

At its annual meeting, Factory Insurance Assn. elected E. N. O'Beirne Jr., Aetna Casualty, secretary. W. H. Berry, Continental, and H. M. Mountain, Aetna Fire were elected chairman and vice-chairman of the executive committee.

Elected to the executive committee were Commercial Union, Continental, Great American, Hartford Fire, and Phoenix of London.

## N.Y. Federation Opens Essay Contest For 1961

Insurance Federation of New York will hold its 1961 essay contest from April 15 to May 31. Five prizes of \$50 will be awarded for the best essays on what the private enterprise system means to the U.S. In addition, \$100 will be given to the essayist adjudged best of the five winners.

One winner will be chosen from each of five categories: Agents and their employees; brokers and their employees; company employees; students of recognized insurance schools; and students in any college in New York State.

Kenneth W. Haslam of Rosedale, N.Y., is contest chairman. Information and copies of contest rules may be obtained from Valmore H. Forcier, secretary of the federation, at 116 Nassau Street, New York City.

## Cutrona Joins St. Lawrence

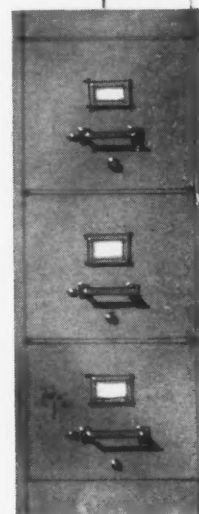
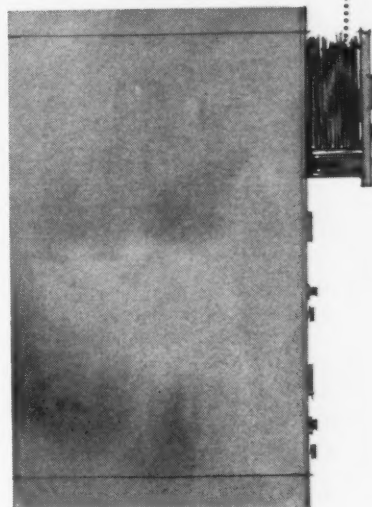


Daniel Cutrona

Daniel A. Cutrona has joined St. Lawrence insurance group of Chicago as agency supervisor.

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## American Casualty In Sales Film Program

American Casualty is stepping up production of audio-visual films, written and designed for the exclusive use of its agents. Subjects will include health lines, as well as commercial coverages and homeowners.

The company is offering a desk-top slide projector to agents at low cost. The films are \$35 each. Credits are offered for writing certain policies. Thus, equipment would be free to agents earning sufficient credits. All

company branches have projectors and films for demonstration. More than 400 producers are now using audio-visual aids.

One new film strip—Barney's Big Blast—is on business interruption. The star of the film is a wrecked building that "talks" in simple terms about the devastating effect on profits when premises are destroyed. The 13 minute, color and sound film uses cartoons, photos and eight human voices. Films on the planning board are on homeowners, the 3D policy and comprehensive general liability.

## Civil War Exhibit Is Home Attraction

The first floor windows of Home at the head office in New York are attracting the attention of many passersby on William Street with their display of Civil War memorabilia. The exhibit consists of relics from the Schneeberg collection, the loan of which was arranged through Eileen Schneeberg of Home's premium accounting department.

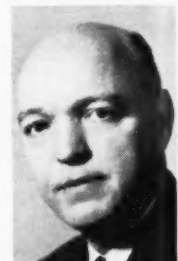
Among the items on exhibit is an original portrait of General Ulysses S.

Grant, an infantry percussion-cap rifle, and a drummer's combat sword. Original newspapers of the time describe the war in narrative and picture. There is a program of Ford's Theatre for the performance at which President Lincoln was shot. Minnie balls from the battles of Gettysburg and Antietam are displayed.

## Spalding In New N.Y. Post For Springfield

Frank W. Spalding Jr., vice-president of Springfield at Chicago, has been transferred to New York where he will be in charge of the company's newly organized mid-Atlantic region. He will supervise operations in the District of Columbia, Maryland, New Jersey, Delaware and portions of New York, Virginia and Pennsylvania.

Frank W. Spalding Jr.



Mr. Spalding was with Illinois Inspection Bureau from 1931 to 1941. After naval service in World War II, he joined Springfield at Chicago in 1946. He has been successively engineer, chief engineer, resident assistant-secretary, secretary, assistant vice-president and vice-president.

## American Southern Results

American Southern wrote \$3,184,077 in premiums in 1960, up from \$2,258,287 in 1950. Policyholders surplus was \$1,049,243. Assets rose to \$3,623,073 at the end of 1960 from \$2,895,854 at the end of 1959.

In 1961 the company took on an affiliate, American Southern Life, which has some \$5 million in force.

## WC Expanded In N. Y.

A New York bill has been signed by the governor which will extend the workmen's compensation law to employers of one person. The law formerly was applicable to employers of four or more. That was changed to three or more in 1959, and to two or more this year. The new measure becomes effective next Jan. 1. It is expected to pick up an additional 50,000 workers.

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## Competition Enough Under Present Law Without Letting Down Bars, Agents Told

The insurance business is entering a period of stepped-up competition which could well pass the bounds of what is sound and reasonable if the no prior approval concept of rating law were adopted, Eugene F. Gallagher, manager and secretary of the Chicago Board, declared in his address Monday afternoon at the Midwest Territorial Conference of NAIA in Chicago.

Warning that if accelerated competition were engaged in blindly it would lead some companies to oblivion, Mr. Gallagher said the possibility of company failure "under such lax regulations is so marked that when the model law was being framed, serious thought was given to the formation of an instrumentality of the government which would insure insurance purchasers against loss in the same manner as the Federal Depositors Insurance Corp. insures bank depositors."

### Says Competition Exists

Competition exists under the present laws, and ideas to the contrary are "entirely fallacious," Mr. Gallagher declared. In recent years the bureaus have taken a more liberal attitude toward deviation filings and the rating authorities have taken the same outlook if the filings were at all reasonable. He quoted some figures on the growth of National Assn. of Independent Insurers and its members to indicate that these companies have not suffered since the enactment of the all-industry rating laws.

The lessening of bureau controls has encouraged some member companies to depart from accepted coverages and rates to adopt a "truly competitive" attitude, Mr. Gallagher observed. These companies have increased their premium volume in special or lower cost policies, but this in itself has brought about a serious problem for the industry as a whole.

"Large companies, with relatively unlimited assets, are willing to write certain classes of business at rates which preclude any underwriting profit—relying on their large surplus and investment income to show reasonable operating results. With lower rates they can be super-selective in their underwriting and wind up with only the very best of a class. This is a type of 'dog eat dog' philosophy which may well speed the doom of some of the smaller companies which cannot continue indefinitely without some underwriting profit and may eventually bring about a restricted market for all but the most desirable risks. This trend is more and more manifest in

the many mergers that are taking place."

Mr. Gallagher commented that investment earnings have enabled some companies to carry on in spite of the fact that they are not actually prepared to meet multiple line underwriting demands.

The tendency of companies that can't make a go of it to merge makes the big companies bigger while the smaller companies, he predicted, will fade out of the picture and the business will approach a monopoly, "which is ironical since that is what the O'Mahoney-Kefauver committee was seeking to prevent."

Taking up the agents' future, Mr. Gallagher said there seems to be general agreement that in the personal lines, at least, a greater portion of the premium dollar must be made available to pay losses. This is a stark necessity the alternative being to see the personal lines lost to the direct writers and specialty company com-

petition. "Because of that it would seem that the agent who has a relatively small volume, most of which is in the personal lines, will have to develop a lot of miscellaneous commercial business or else see his income drop drastically in the rather near future."

There may be fewer agents in the years ahead, the same factors which bring about increased mergers of companies necessitating a like happening in the production force.

"Then companies will probably realize, some day, the utter fallacy of appointing unqualified, incompetent agents just to get a little premium volume from some locality," Mr. Gallagher declared.

He spoke in behalf of conferences between companies and agents, remarking that relations that were forged and mellowed over the years had been alienated by a mimeographed bulletin "despotically announcing commission reduction." Agents resent a filing based upon a pre-determined rate of commission, he added, because the bureau in effect says that the rate being filed is not excessive or inadequate if it is based upon a 20% agreed

commission, which implies that a company paying 25% is securing an inadequate rate.

Agents are not so unreasonable, Mr. Gallagher added. They are not necessarily against changes in commission on certain classes or direct billing, but they want the opportunity to discuss the situation and arrive at an understanding.

## Two Promotions Made By Metropolitan Fire

Metropolitan Fire Assurance has elected Robert J. Maloney treasurer and Gerald R. Putnam assistant vice-president.

Mr. Maloney joined Metropolitan in 1947 and was elected assistant treasurer in 1956 and secretary in 1960. Mr. Putnam has been with the company since 1958.

Cincinnati Insurance Board's schedule for the 1961 golf league calls for matches May 23, June 13, July 18, Aug. 15, Sept. 12 and 19. Membership is open to anyone in the Cincinnati area affiliated with the insurance business.

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## Competition, Future Don't Worry Small Companies, NAIL Told

(CONTINUED FROM PAGE 2)

were willing to give the customer something for his money. The bureau companies were blind to what was happening, used no foresight but instead took a "witless, arrogant" attitude, "mouthing silly talk" of the dangers of insuring in mutuals or in new companies.

Mr. Hirt said while the bureau companies were talking the independents were making money. When the bureau companies woke up to the fact

that they were losing money, Mr. Hirt said they became desperate, cut commissions, tried new coverages, and companies were allowed to do experimenting in order to hold the bureaus together.

He admitted there are weak companies on both sides of a rate war, but the independents, with the cream of the business already in hand and with the experience of operating at low cost are far better able to stand up.

Mr. Hagar said the small companies

have opportunity for growth. They will use their full abilities to produce, underwrite, service and manage their business, with emphasis on the management function. The fact that the smaller insurers know their own personnel and know their agency plant means they can act faster and better, he said.

Mr. Lowder said there has been a striking change in the bureau attitude in the most recent past. A willingness to allow companies to experiment has

developed, but this still does not offer a threat to the alertness, superior salesmanship and willingness to discard outmoded methods that the independents enjoy.

Alabama Farm Bureau operates in only one state, but Mr. Lowder said this is no disadvantage, rather it is in many respects an asset. Not only does it know its customers and how to sell and service them, it has the opportunity by attending meetings such as the NAIL workshops to imitate the better methods of larger companies that are willing to share their knowledge.

### Calls Independence Essential

One of the essentials of the continued success of the smaller companies, according to Perry Inhofe, is that they keep complete independence. Additionally, the companies must use their independence and not worry about the size of a company because they have reinsurance facilities which will allow them to do anything anybody else can.

He mentioned that one threat to insurer independence has developed in Oklahoma with the introduction of a bill, backed by the agents, that would establish full uniformity in rate, coverage and operation. This is even tougher to live with than the Texas program, Mr. Inhofe said, adding that he has been told this bill is a child of

### Buffalo Blue Shield Given Rate Boost In Second Try

Following earlier denial of an application for rate increases proposed by Western New York Medical Plan (Buffalo Blue Shield), a revised application raising subscriber rates an average 24.4% on the plan's service and indemnity contracts has been approved by the New York department. The increase is effective May 1.

In January, the department disapproved a request for an average 36.1% increase on the service contracts. The new approved rates adjust service contract increases downward and indemnity rate boosts upward, so that both classes of contracts bear their fair share of projected cost increases.

### MFA Promotes Four

Four promotions have been made by MFA Ins. Co.

Gus Lehr, formerly an attorney in the claims department, has been appointed assistant general counsel. He fills a vacancy left by Jack Pettit, who resigned to join Allstate.

William C. Griffin heads the newly-created loss prevention department. He has been a safety inspector for the liability division.

Warren Conner, a salesman in the health division, has been named agents training supervisor, and Lewis Kellerman replaces him. Until joining MFA last December, Mr. Kellerman had been assistant sales manager at St. Louis for Metropolitan Life.



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"The smaller we are the less we have to be mechanized, and the less we have to worry about getting in a groove," he said.

The only thing smaller companies can't offer that the larger companies can is a sizable surety bond. This is something that the reinsurers aren't giving presently and Mr. Inhofe feels it should be studied.

Mr. Gentry pointed out that NAI has the greatest number of small and medium sized companies of any organization. He has heard that there is concern about the future of this type

of insurer. Investment bankers have expressed some interest in the problem, but more importantly the insurance commissioners have been giving the matter attention in connection with rating laws.

Among the things the commissioners want to know is whether the smaller companies can survive a lag between loss experience and a change in the rate level—do these companies need to have an affiliation with a life insurance outlet, will they have to merge, are they able to get adequate personnel and adequate financing.

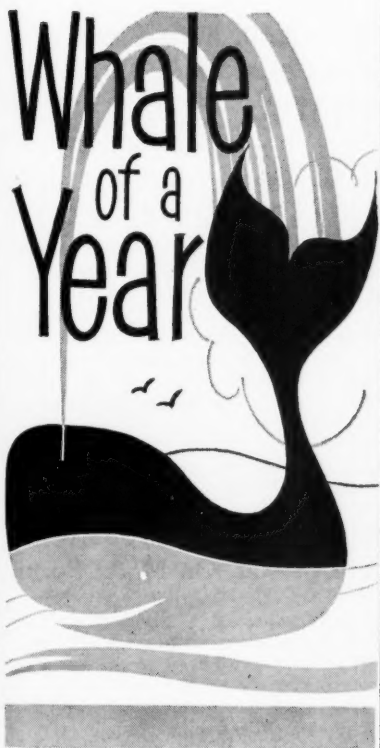
Mr. Gentry said his observation is that the commissioners ask questions about these matters, but not the com-

panies concerned. The worry is outside, not in. An image of smaller insurers being smothered in the throes of a competitive struggle is being drawn with examples of other industries that don't apply to insurance, he declared, indicating a belief that this is a red herring that is being drawn across the country as changes in the rate laws are discussed.

The panel members were asked several questions by Mr. Gentry, one being whether the smaller companies are at a disadvantage in trying to bring out broader coverage at lower cost or

to make innovations. Mr. Hirt answered that the tribulations of today aren't so different from those encountered in the past, except that the small companies today have NAI to run to and before they had to stand on their own feet.

Asked about job opportunities with small companies, Mr. Hagar replied that management in this type of operation can recognize more quickly what talent it has and keep it moving from area to area. The good people help the company grow and develop new jobs for themselves.



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## W. Va. Filings Open

The West Virginia legislature has passed a bill which will make all rate, rule, and coverage filings with the insurance department open to public inspection (and objection) before action by the department. Heretofore filings have been considered confidential until acted upon.

The bill was strongly pushed by West Virginia Assn. of Insurance Agents.

## Aetna Drivotrainer Is Adopted In Los Angeles

The Los Angeles school system, sponsor of the nation's largest driver training program, will expand instruction through the use of the Aetna Casualty Drivotrainer. Adoption of the device, used to give behind-the-wheel driving lessons in the classroom, will enable Los Angeles high schools to train 17,500 students a year, compared with the present 11,800. It will also reduce costs of training each pupil by 70%.

The Drivotrainer was developed by Aetna Casualty as part of its public safety education program. When the new Los Angeles installations begin operation in July, Drivotrainer classrooms throughout the nation will total 130.

## Security-Conn. Results

Security-Connecticut group had an underwriting loss of \$145,193 in 1960, compared with a profit of \$15,170 in 1959. Written premiums totaled \$28,163,278 against \$23,992,011 in 1959. Policyholders surplus for 1960 was \$17,491,073.

Ratio of losses and loss expense to earned premiums was 53.3 while incurred expense to written premiums was 42.3, compared with 52.6 and 42.7 in 1959.

Investment income rose to \$1,187,861 from \$920,565 in 1959. The operating profit for the year was \$1,169,893 after tax, up from \$997,685 in 1959.

Assets at the end of 1960 were \$56,462,909. All 1959 figures exclude Founders, acquired by the group in January, 1960.

## GAB Appoints Two

General Adjustment Bureau has appointed Stuart C. Kleinert manager at Rio Grande, N.J. He joined GAB at New Haven in 1950.

John A. Strossman has been appointed general adjuster at Manchester, N.H.

Washington County (R.I.) Assn. of Insurance Agents has elected Robert D. Brown president; William H. Guile vice-president; Ernest Stenhouse secretary-treasurer, and Orlando D. Capaldo representative to the state association. Commissioner Coyle spoke at the annual meeting.



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## Gives Prescription For Call Reluctance

(CONTINUED FROM PAGE 11)

rill stated. If he accepts this fact, he can deal with it. If an accountant gets anxious at his job for one reason or another, his doctor may tell him to get out on the golf course and burn off some of that anxiety; if an agent gets anxious, he can burn it off every day by working. This is one reason why insurance selling is an ideal profession.

Turning to training programs, Mr. Merrill said they should be oriented

toward the fear reduction objective. A man should have an understanding of an insurance salesman's job; he must know what it is he is supposed to be doing. If one is anxious because of not knowing what it is one is supposed to do, then it's a little hard to do something to be active.

The trainee needs performance standards established realistically. A man needs to know if he is producing up to average expectations. The insurance industry has certain stand-

ards, Mr. Merrill noted. A man can look at his paycheck and to a certain extent tell how active he's been in his work. But, on the other hand, there's nothing wrong with having standards that have to do with how many turndowns he should expect. He should be able to say, "I'm not having any more turndowns than the average man."

Probably the most important factor for fear reduction, the speaker suggested, is steady effort and regular work habits. Too many agents have a couple of good days and then take

the next few days off. They then find it extremely difficult to start up the calls again. The individual who goes roller-coastering up and down like this will figure out pretty soon that there are easier ways to make a living.

Mr. Merrill said he had a few implications for the industry to consider. Not all individuals can learn to deal productively with fear in sales situations. Plenty of people will never learn to do this, and these people simply should not be in the insurance business as salesmen. As for those who say, "I've never been afraid and I never will be"—these people are living in a dream world. Everyone experiences fear and this fear must be dealt with.

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### Ohio Health Assn. Slates Sales Congress At Akron

Six insurance notables will appear on the sales congress program April 28 of Ohio Assn. of Health Underwriters at Akron.

They are John J. Plumb, vice-president and director of agencies Paul Revere Life; William B. Cornett, director of A&S Prudential; E. H. O'Connor, managing director of Insurance Economics Society; Paul I. Reichart, executive vice-president Unified Reserve Life of Indianapolis; George F. McConnell, sales manager of Continental Casualty's commercial special risks division; and superintendent Edward Stowell of Ohio.

John M. Forrest, Mutual Benefit H.&A., Akron, will be master of ceremonies.

### N.C. Commercial Property Change; OK On Motel Form

Commissioner Gold of North Carolina has approved a revision by the fire insurance rating bureau on commercial property coverage and a special motel multi-peril policy.

The revision includes a 6% rate increase. The filing also changes territories, reduces the number of occupancy classifications, and revises rates for perils occurring most frequently.

### Joins Buffalo Agency

Robert F. Hughes Jr. has joined Buffalo Fire Office, general agency at Buffalo. He had been a special agent of Commercial Union since 1948. In 1956 he was transferred to Buffalo, where he was in charge of fire and casualty production for western New York.

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## Midwest Agents Reaffirm Opposition To Direct Billing

(CONTINUED FROM PAGE 1)

the business meeting of the Midwest Conference. The Chicago meeting was not so well attended as could have been expected, but the agents who did register were among the best in the territory. Sessions did not draw crowds enough to fill the meeting rooms, and this was disconcerting to those responsible for the program. When the direct billing question was being debated, for example, it appeared that only a handful of agents were interested, although when a roll call vote was taken every state had its representative on hand.

### Timm New Chairman

Donald W. Perin Jr., Chicago, was succeeded as conference chairman by George A. Timm of Kenosha, who has been first vice-chairman. William T. Dobson, Ann Arbor, moved up to the heir apparent position, and H. A. Sloan of Kansas City becomes second vice-chairman. Frank E. McGlaughon, Kingsport, Tenn., was reelected secretary-treasurer. The officers were installed by G. K. Hooten, chief examiner of Illinois, standing in for Director Joseph Gerber who was attending to legislative work in Springfield.

The 1962 meeting will be in Milwaukee and in 1963 it will be Detroit. Kansas City and Omaha have invitations in for the following two years.

The uneventful routine of the closing session was changed into one of charged feelings when Mr. Templeton asked for the floor for the purpose of putting a statement in the record. When he was president last year of the Indiana association, Mr. Templeton was the unrelenting leader of opposition to company auto plans that incorporated direct billing and continuous policies. By the time he left office he could boast a record of nearly 100% success in keeping such plans out of the state. There was no mystery about his purpose in speaking at Chicago. He said the opinions of the panel members give the impression of repudiation of NAIA by the Midwest Conference, that it could be thought NAIA didn't mean what it said at Atlantic City or that its position could be changed in just a few months.

### Challenges Survey Figures

He challenged the figures that were reported in the NAIA survey of direct billing and continuous policy use by members (50% or more reported engaging in either or both to some extent), saying he doubted the credibility of the statistics because there was no measure of the amount of use of either plan—it was just the same as asking if those in the room drank and if half said yes, then half of those in the room were alcoholics. The panel indicated at least tacit approval of direct billing and continuous policies, Mr. Templeton said, whereas NAIA is on record as calling them inherently dangerous. The National Board of State Directors should be upheld and it should be understood that the panel members spoke only for themselves. The statement put in the record by Mr. Templeton reiterated these points and repeated the Atlantic City resolution of NAIA, which reads:

"The NAIA recognizes that a significant number of its members have, for various reasons, accepted the programs of direct billing and continuous policies, despite a strong feeling that this approach is not in the best interests of the public and the agent. The NAIA cautions that certain aspects of this program are inherently

dangerous, and urges all companies operating under the American agency system to reevaluate their procedures to eliminate any dangers to the American agency system, and this National Board of State Directors reaffirms its 1953 policy relating to unilateral commission reduction, continuous policies, and direct billing."

Donald Perin, Chicago, conference chairman, who was presiding, put the issue to the full test by calling on Lee M. Miller, Cherokee, Ia., chairman of the resolutions committee, to present what his committee had drawn up on this subject. It turned out to be another exact quotation of the Atlantic City resolution.

John Batenburg, Racine, a member of the panel the day before, explained that H. W. Mullins, Rockford, who moderated the panel and had had a large part in the doings at Atlantic City on the side of recognizing the fact that many NAIA members are using direct billing and continuous policies, was only trying both last fall and the day before to remove from NAIA policy a basic principle that was in conflict with what 50% or more of the members were doing. He objected to the idea of reaffirming the Atlantic City resolution as being just as improper as adopting a resolution favoring direct billing and continuous policies without full discussion of both sides of the question. The suggested resolution should be tabled, Mr. Batenburg declared, until the members had a chance to hear the arguments more fully.

### Defeat Tabling Proposal

Mr. Batenburg moved that the resolution be tabled. A voice vote on this was indecisive, but on roll call it was defeated handily.

Mr. Mullins made an effective talk in explanation of his position, pointing out that if it is bad to have dissension between agents and their companies it is that much worse to have it between agents themselves. He went off the record from then on, filling in the agents with background on the events at Atlantic City.

Mr. Templeton said, when Mr. Mullins concluded, that the NAIA state directors are responsible men and all that was being asked of the Midwest Conference was that it give them support.

When the resolution reaffirming the Atlantic City resolution was put to a vote, it carried by a substantial margin.

Rt. Rev. Msgr. W. J. Gorman, Chicago Fire Department Chaplain, who was scheduled to give the invocation, was unable to appear at the opening session because of a bad fire. Director Gerber brought greetings from the Illinois insurance department and Herman Bartholomay Jr., president Chicago Board of Underwriters, and H. C. Parrish, Paris, president Illinois Assn. of Insurance Agents, welcomed the agents in the names of their organizations.

### Maurice Herndon Speaks

Maurice G. Herndon, Washington office manager of NAIA, who reviewed the Washington situation at the opening session, said that a proposed code will be of major interest to agents and especially state associations. This bill would specifically authorize deduction of trade association dues as a business expense, even though the association engages in legislative work. In 1959, over the opposition of NAIA and other associations, the Internal Revenue Service ruled that these dues

were not deductible where influencing legislation is a "major" activity of the association. Now, in a case being heard at the administrative level, IRS is maintaining that dues to an electrical association are not a deductible expense because 15% of that organization's budget is devoted to lobbying and Mr. Herndon said it may try to establish 10% as "major." Because 1960 was an election year, the matter was not pushed then, but a bill amending this ruling has now been introduced and Mr. Herndon said he expects the NAIA National Board of State Directors to support it at the coming Philadelphia meeting. The situation is confused and Mr. Herndon said he cannot predict the outcome. One would expect all associations to be in favor of the amendment, but the labor unions, though they fought the ruling, are now cool to the bill, because of the lobbying of manufacturers associations for "right to work" laws. Similarly, temperance organizations, thinking of liquor business associations, are opposed and so are cooperative organizations, with private power organizations in mind.

### Health Bill Success

NAIA is entitled to much credit for the defeat of the medical care for the aged proposals last year, Mr. Herndon said. Opposition to a bill simply "because it is socialistic" gets one nowhere, but NAIA pointed out that the need was not for cash but for more facilities and more trained personnel. Now President Kennedy has adopted that approach. Although Sen. O'Mahoney is no longer in Congress, Mr. Herndon said the insurance investigation is by no means dead and he expects it to be resumed. He suggested caution in endorsing tax equality proposals, because the situation is so complicated and is full of proposals with private axes to grind.

The report of the midwest conference committee was given by Chairman George A. Timm, Kenosha, Wis., and this was supplemented by John Hommes, manager of Western Actuarial Bureau. The report and commentary enumerated and explained items on the committee agenda which have been completed or are being adopted.

Under the homeowners program, companies have recommended to the bureaus an automatic pickup clause for outboard motors of any size which were acquired during the term of the policy. The motors would not have to be declared until expiration of policy.

### Blanket Rules Liberalized

Blanket form rules are being liberalized. Previously, coverage was limited to property in the same or adjacent cities or towns, but now the blanket coverage is being extended statewide.

Rules on the radioactive assumption endorsement have been revised to include coverage of sub-critical reactors, that is, those reactors not likely to set off chain reactions.

Among other changes, it was reported that business interruption has been extended to property after the time of restoration; this plan is now available in 13 midwest states. A public property and institution program is in effect in all but two of the conference's 15-state regions. Replacement cost may also be written for 80% coinsurance in 13 states.

Robert E. Gorman, Paulding, O., presented the report of the farm subcommittee, and additional information was

given by H. K. Scott, Aetna Fire, who is also president of Farm Underwriters Assn. They briefly commented on the filing of the new farmowners program in five states and reported its approval in Indiana.

Relations with the press and the role of Insurance Information Institute in fighting adverse publicity and legislation were discussed by Walter G. Dithmer, midwest manager of I.I.

### Newspaper Liaison

As a means of preventing bad publicity, the institute is attempting to effect a liaison between local newspapers and an agent in each city. Insurance news releases would be channeled through the agent to the editor with the idea that the editor will pay more attention to a story given him by a local resident than to a release mailed from Chicago. It is also hoped that in this way a working relationship between editor and agent may be developed and that the editor will consult with the agent as a source of authoritative insurance information.

Referring to a deterioration in agent-company relationship, Mr. Dithmer lamented the "irresponsible charges, the intimations of sinister purposes and the tendency to run to the press or to public officials instead of making a sincere attempt to resolve the differences by negotiation."

The two segments of the business, by the accusations and counter-accusations, are playing into the hands of competitors. "The philosophy of divide and conquer works in business as well as in power politics," he declared, adding that this squabbling in public is smearing the company-agent image in the eyes of the customer.

Neither agents nor companies can hope to win battles in the newspapers, Mr. Dithmer said, and he exhorted his listeners to keep the family arguments to themselves and respond to the "voice of the market place."

Paul Kipp, insurance manager U.S. Gypsum, who opened the Tuesday afternoon session, said that there is no such thing as an average insurance buyer and that an agent must gear his service to the needs of each client. But even an experienced, full-time risk manager, with an adequate staff and equipment, still frequently needs the assistance of a professional insurance man in performing his functions—risk analysis, loss prevention, coverage negotiation and claim administration.

The services of a skilled insurance producer are particularly important, Mr. Kipp said, in keeping in touch with market conditions and being aware of current developments there, in defining the exposure to the underwriter and in helping the buyer be sure insurance carried by other people is adequate. He cited a number of cases in which his company stipulated insurance requirements in contracts and discovered that the contractor's insurance man had either never heard of the coverage or knew of no market for it, which cases were solved by U.S. Gypsum's insurance advisers. He said that in his observation the average insured is less inclined to question the judgement and recommendations of an insurance man than of a doctor or lawyer, which magnifies the responsibility of the producer.

### N. Y. Anti-Bias Bill

The governor has signed a New York bill which prohibits discrimination in insurance rates against any group on account of race, creed or color. The legislation is an extension to all lines of a law that has been in effect with respect to life insurance.

## NAI Workshop Meeting Draws Record 600 To Chicago

(CONTINUED FROM PAGE 1)

writing superintendent State Farm Mutual Auto, and Kenneth Collins, underwriting superintendent General Mutual of Albany.

### Substandard Auto

Mr. Struck and Mr. Siegfried handled substandard auto, the former from the standpoint of an insurer established to handle reject business, and the latter covering substandard as it is handled by an affiliate of a selective auto insurer.

A substandard risk, Mr. Struck said, is one that can be expected to develop an unsatisfactory loss experience. Today it is a risk that can't insure in a normal voluntary market. The most difficult of these to handle are those with loss causing factors which the risk won't or doesn't want to remove. Marginal substandard risks have been created artificially out of competition arising especially from the detailed classification systems which have caused large numbers of persons to fall into a substandard category for reason of age or occupation. The assigned risk plans don't, and aren't supposed to provide coverage for large numbers of marginal risks that are rejected by the normal market for competitive reasons.

Last year Dairyland Mutual's Wisconsin business produced \$2,300,000 in premiums which Mr. Struck said was 70% on youthful drivers, 5% military personnel, 1% over-age drivers, and 24% in the 25 to 65 bracket but classified substandard. He said 42% of the risks by premium volume had no surcharges against the record and this group produced a loss ratio of 64%. Twenty-two percent had one

surcharge and a loss ratio of 76%; 18% had two surcharges and a loss ratio of 53%; 12% had three surcharges and a ratio of 51%; 5% had four surcharges, ratio 36%, and less than 1% carried more than five surcharges and had a ratio of 55%. The over-all loss ratio was 60%.

The business was divided 58% bodily injury (70% loss ratio); 3% medical (35% ratio); 32% PDL (49% ratio); and 7% PHD (40% ratio).

### Lists Charges

Dairyland Mutual charges about 115% of bureau 2C rates for youthful drivers not requiring a surcharge, Mr. Struck said, and 175% for substandard in the 25 to 65 age group. That is for BI. For PHD the rates are about 200% of bureau. The BI rates take a 15% increase for each accident or conviction on the record in the past three years, and the average surcharge is about 18%. The expense ratio on this business is high, Mr. Struck explained, but 71% of the risks are billed quarterly, the average policy is in force only 11 months, and there is considerable time spent in checking driver records. He drew whistles of surprise when he said that his average insured has one change of automobile every four months.

Mr. Struck offered the opinion that substandard risks are not so much more trouble in court as is generally believed.

Mr. Siegfried related some of the results of Nationwide General, which was set up to do a substandard business for agents of Nationwide Mutual. The company has 11 rate levels, with an "entry" rate about 20% under bu-

reau and running up to 560% of the entry rate and down to 80% of it. About 70% of the first year writings come in at 126% of the entry rate. Mr. Siegfried said Nationwide General believes that almost any risk can be written if it shows a wish to improve. In 1959 the company had a pure loss ratio of 102.9% on collision, 73.8% on BI and 64.4% on PDL.

Mr. Siegfried expressed the opinion that the points assessed against drivers are no more discriminating than the classifications used under the regular plan of insurance. He said the company loses about 50% of its high rated risks before they are billed for renewal, but those lasting through the first year tend to stay on longer.

A number of questions were asked the speakers, especially as to their statistics. Mr. Struck elaborated on the difference between the Dairyland Mutual approach and Nationwide General's, pointing out that Dairyland Mutual is not writing on behalf of another company. Its business is transient. People move in and out of the substandard classification often for reasons over which they have no control. They may be too young or too old, or be drafted into the service, and suddenly be unacceptable. Dairyland Mutual will write them, but as soon as they achieve a better status they go with a company charging a lower rate. Nationwide General has its eye on putting this business in its parent company when it improves, so that the writing of substandard in this instance is a means to an end and not an end in itself.

### Manual Revision

Mr. Claypoole, discussing modernizing the general liability manual, made it clear he blames the National Bureau for inadequacies or for "failure" to keep the classifications modern and clear of ambiguities. He offered some examples, one of them being large discount houses operating in the same fashion as supermarkets, saying these are not treated at all in the liability manuals so that companies cannot classify or rate them. He said in one case four companies had been on a discount house risk in 10 years and none of them could solve the problem of how to rate or classify it. They didn't know how to handle the concessions in this risk and Mr. Claypoole wondered if area is the proper basis for determining the premiums for them. He brought up bowling centers, saying he has seen 14 policies in nine companies on such risks, each handled differently and each by a

large and well respected insurer.

Physical area is not an accurate measurement of exposure in Mr. Claypoole's opinion. Supermarkets or department stores might better be rated by customer traffic which can be determined pretty well by gross sales. He said exposure of apartment buildings often is the reverse of what the manual indicates, it being known that as the area of apartments in a building increases the number of occupants decreases, so that a 10,000 foot building with 10 apartments would have less exposure than an 8,000 foot building with 10 apartments, although the manual goes the other way around.

The rating bureaus have simply failed to create classifications and rates for several types of new risks of which thousands of examples exist, Mr. Claypoole said. Bureaus are supposed to provide uniformity, but by failing to take into account new industries and new developments they have instead created confusion. The manuals virtually ignore the entire plastics and electronics industries, he declared, but they have elaborate data on casket manufacturing and noodle processing.

Bureaus have to "regain contact with the world around them," Mr. Claypoole said, if they are to offer rates and procedures in line with prevailing business practices.

### Underwriting

A plea for a broader look at motorists as individual prospects for insurance, not as members of a group for which strict rules have been laid down was offered by E. L. Henninger, State Farm Mutual Auto.

The high percentage of automobile ownership in the U.S. and the high percentage of insurance on these automobiles has created new problems for the companies. Mr. Henninger pointed out that more and more legislation is being introduced to restrict the right of insurers to select and cancel business. The companies have supported and encouraged people to buy automobile insurance, either through financial responsibility laws or otherwise, but there also has arisen a reluctance to sell insurance to some of these people.

Mr. Henninger has suggested that the insurance companies will have to examine the purpose of their automobile insurance operation, and he indicated that such an examination will cause them to realize the need for becoming customer oriented instead of product oriented. He said, for example, that \$5 billion was spent in the U.S. last year for hard liquor and by no means all of this was drunk by pedestrians. Companies will have to realize that they cannot refuse to insure a

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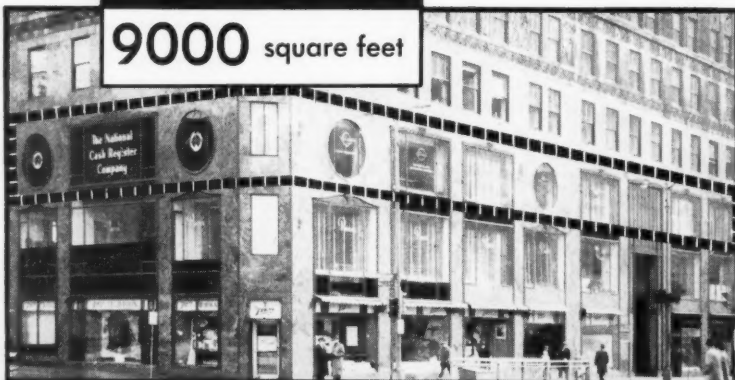
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motorist simply because he has been known to drink. Legislators are taking the side of the public against the insurance companies when the companies refuse to recognize facts of this sort.

Among ideas that might be investigated, Mr. Henninger mentioned:

—Continuing to renew those risks which ordinarily would be cancelled in mid-term.

—Allowing ineligible applicants to withdraw their application before the company cancels.

—Fewer restrictions on the selling of increased limits to assigned risks.

—More concentration on insuring substandard.

—Accepting assigned risks as voluntary business after three years.

Automobile underwriting has become more and more intricate and the underwriter is turning into a professional at this job, Mr. Henninger said, but he needs the help and encouragement from management to assume a more professional role. He spoke fervently for underwriting flexibility by those passing on risks so that adherence to rules doesn't keep a company from giving attention to customer needs. The pressure is on the companies from the legislatures and from the public to supply insurance. The business can't afford to have to blush at declinations and cancellations. Mr.

### Plaintiffs, Defendants Tie In Week's Jury Verdicts

Defendants and plaintiffs wound up in a stand-off in 16 decisions in personal injury cases in Chicago courts last week, according to records of Cook County Jury Verdict Reporter. Damages awarded in the eight cases going to the plaintiffs totaled \$41,417, the largest amount being \$27,500 in a suit against the city of Chicago by a lady who fell in a hole she failed to see because it was covered with snow.

Since Sept. 1, 1960, when the courts reconvened after summer recess, there have been 215 decisions for defendants, 175 for plaintiffs, while 23 cases have been deadlocked. Total damages awarded come to \$2,287,987.

One of the largest settlements in some time, \$325,000 was arrived at in a Cook County court in a suit by five widows and one mother of six college students killed in a crash with a truck owned by American Mineral Spirits Co. The case was before a jury which reportedly agreed on verdicts for four of the plaintiffs totaling \$318,500. The biggest prior settlement was arrived at in February, this being for \$250,000.

### Higgins To South N. J.

Great American has appointed Paul T. Higgins special agent for southern New Jersey with headquarters at Philadelphia. He succeeds Harry C. Wolfe, who resigned to enter business for himself. Mr. Higgins formerly was special agent in northern New Jersey out of the Ridgewood office.

### Mid-States Adjustment Names Two

Mid-States Adjustment Service of Fort Dodge, Ia., has named Radford Brown claims manager and Arnold Boeding claims supervisor. Mr. Brown has been claims examiner and truck loss supervisor of Carolina insurance group, and Mr. Boeding has been with Western Adjustment as manager at Fort Dodge.

Mid-States Adjustment is the claims agency for Mid-States general agency and Western Plains Mutual.

Henninger said risks demand individual attention today for proper underwriting—they can't be handled by the old rule book that threw out certain classes regardless.

Kenneth Collins discussed the possibility of setting up a method of exchanging information on experience rated risks between independent companies. It is something that obviously should be done, but there is no system for it, he said. Formerly, almost all experience rated risks were written by members of either the national or mutual bureaus, but this is no longer true. It is still possible to get information from a bureau on these risks, but currently a lot of business is being written by independent companies, and there is no defined means of communication between them. His efforts to get something started in New York have been well received, Mr. Collins said, and he told the NAI members that a committee now is taking over the matter and will develop something that can be used nationally.

### Carns Presides At Claims Workshop

Presiding at the claims workshop session was W. H. Carns, Zurich. Max Wier Jr., United Services Automobile, moderated the session on "Case Loads for Claims Personnel" and Thomas Fittz Jr., Wabash Fire & Casualty, headed the panel on "Methods and Problems Involved in Reviewing or Auditing Field Office Claims and Operations." Chairman of the panel on "Systems and Procedures Used in Subrogation and Salvage Handling" was Seymour B. Orner, La Salle Casualty.

Moderating the panel on assigned risks was O. D. Danby, Auto-Owners, and the session on personnel administration was headed by Forest Lombar, Nationwide Mutual. D. A. Tapley, Wolverine, moderated the statistical workshop session, and Clayton P. Sturgeon, State Farm Mutual Auto, handled the methods and procedures session.

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Recently organized stock company in Michigan with capital of \$250,000 presently writing fire and allied lines with full range of Inland Marine coverages invites inquiries from Casualty companies with view to a General Agency appointment in Michigan in order to offer multiple line facilities to agents. Would also consider Fire and Casualty company to offer increased capacity on fire lines. Modern progressive office, fully capable and experienced staff available. All replies confidential. Write to X-67, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Aviation specialty company offers unusual opportunity to young man with background in payroll auditing. Home office accounts receivable and collections experience helpful. Limited amount of travel. Salary commensurate with ability. Submit detailed resume to X-30, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### Casualty Fieldman

Well established multiple line company interested in a qualified casualty fieldman for Indiana. 30 to 40 years old and with 5 to 10 years experience. Send resume and salary expectancy to X-45, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### ADJUSTER WANTED

Experienced FIRE INSURANCE adjuster for well-established northern Illinois independent adjuster. Must be capable of taking over complete fire loss end of the business. Our employees know of this ad. Submit resume to X-57, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Multiple line Insurance Company, Middle Atlantic area, desires Manager for Fire Department—Home Office. Also have opening for Asst. Manager Inland Marine Department—Home Office. Field and Home Office experience required. Salary commensurate with ability. Write to X-45, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### SPECIAL AGENT TRAINEES

Leading multiple line agency mutual desires trainees to qualify for field work in eastern, mid-western, and southwestern territories. Insurance experience desirable but not mandatory. Reply giving age and business experience to X-60, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### INSURANCE MANAGER

Midwestern electric and gas utility seeks replacement for insurance manager approaching retirement. Experienced men are invited to submit complete resume to X-49, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### AVAILABLE: Regional Manager

Age 41, married, three children. Two years with stock company before World War II, twelve years with Mutual multiple line company. Year and a half with Direct Writing Stock Company in midwest, controlling four states. Want position with future. Write to X-70, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### EXCELLENT OPPORTUNITY

Rapidly growing General Agency has opening for an underwriter in Wet Marine Department presently handling large volume of this class. Ideal opportunity for young man with insurance experience seeking greater challenge, more money now, better growth potential. Wet or Inland Marine training desirable but not necessary. Salary commensurate with ability and experience. Write to X-71, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### INSURANCE RESEARCH

Experienced Fire Man with Underwriting, Actuarial or Forms background and CREATIVE INTEREST and talent for position in New York Home Office RESEARCH DEPARTMENT of large multiple-line Insurance company. Send resume in confidence to: NY-60, National Underwriter, 17 John St., New York 38, N.Y.

### SUB-STANDARD AUTO PHYSICAL DAMAGE

Local or General Agents in Oklahoma to represent Company writing Sub-Standard Auto Physical Damage, including Finance business. Attractive flat commission. Write today to X-72, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WISCONSIN FIELD POSITION

Expanding Multiple Line Mutual Agency Company has opening in North Central Wisconsin. Fire or casualty field experience necessary. Good sales personality desirable. Please give resume of your qualifications in writing to X-73, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

**FOR SALE**—General Insurance Agency located in Michigan's Northwestern Lower Peninsula. Gross Volume—\$100,000. Excellent spread. Bulk of business, except auto, on 3 and 5 year annual pay plans. Owner desires to devote full time to life selling. Write X-74, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### PERSONAL ACCOUNT MAN

Expanding General Agency in Washington, D.C. seeks top caliber man thoroughly experienced in all personal lines. Salary open. . . must be aggressively sales minded, personable and willing to devote some evenings to production. Send complete resume and include small photograph to X-75, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### AGENCY WANTED—OHIO

Insurance Executive wishes to purchase outright or substantial interest in Fire and Casualty Insurance Agency in Dayton, Ohio area. Annual premium volume 100,000 dollars or higher. Write to X-78, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE—BOND MAN

Fifteen years experience in Fidelity and Surety. Long on PRODUCTION. Capable of training new personnel or set up bond department. Excellent record. Will relocate. South preferred. Write X-76, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED MULTIPLE LINE COMPANY

Nationally known industrial corporation interested in acquiring medium size multiple line stock company licensed 20 or more states. Will recognize brokers but prefer direct contact with owners. Interested parties please write X-80, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### UNDERWRITER—CHICAGO

We are seeking an intelligent young man with a few years experience in GENERAL LIABILITY and WORKMEN'S COMP. This is an excellent career opportunity with a rapidly growing, progressive multiple-line company. Salary is open. Geo. F. Brown & Sons, Inc. Mr. Fonner, 175 W. Jackson Blvd., WAab 2-4280.

## Consolidated Mutual Names Manfre, Warner

Consolidated Mutual group has named Christopher F. Manfre regional manager and Edgar L. Warner underwriting supervisor at Chicago.

Mr. Manfre has been office manager at Miami since he joined the companies in 1958. Previously, he was president of Postol & Manfre, Miami Beach. He has also been with Southern Indemnity as vice-president in charge of casualty lines and before that he was an account executive with General Insurance Agency, Miami Beach.

Mr. Warner, with the companies since 1960, was formerly underwriting manager of American Casualty at Peoria, Ill. Before that he was with Indemnity of North America as supervising underwriter at Chicago.

## America Fore Fetes Perchal On Retirement

Rudolph Perchal, assistant secretary of America Fore companies, has retired after 40 years with the organization. He has been in the investment department since 1926 and was appointed assistant secretary in 1959.

Mr. Perchal was the guest of honor at a luncheon given by fellow officials in the home office executive dining room. George A. Boyd, executive vice-president, presided as toastmaster. J. Victor Herd, chairman, spoke. Also attending was William E. Lamm Jr., retired vice-president and secretary.

## Ship Mortgage Coverage Available In U. S. Insurers

The purchase by Maritime Administration of ship mortgage insurance in England for \$275,000 has created a stir among marine insurers in this country. They long have contended that the government consistently has favored foreign insurers in connection with shipments of foreign aid materials.

The ship mortgage coverage written in London has been available and has been written right along in this country.

### Casualty Underwriting

Highly successful, large, national multiple line company has opening for experienced casualty (including workmen's compensation) underwriter. Assignment will be at the home office located on the West Coast assisting the National Casualty Underwriting Manager. Excellent opportunity with potential providing either staff or line responsibilities. Send complete details in confidence to X-42, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### SPECIAL AGENTS

Our expansion program has created openings for multiple line fieldmen in Albuquerque, San Antonio, Lubbock, and Aberdeen. Prefer Young experienced production men now residing in these areas. Would consider local agency background. Write in confidence stating experience and salary requirements to Robert D. Norton, V-P, Cimarron Insurance Company, Cimarron, Kansas.

### DIRECT SALES MANAGER—INDIANA

Multiple line casualty stock company seeking experienced man capable of servicing and expanding agency plant Indiana territory. Position offers salary advancement plus growth opportunity to develop with a company writing at competitive rates with attractive agent's commissions. Write Mr. C. D. Hays, National Automobile and Casualty Insurance Company, 639 South Spring St., Los Angeles 14, California.

### GENERAL AGENCY WANTED

Non-assessable mutual desires general agency representation for automobile. Prefer economy policy but will consider sub-standard physical damage. Write or call John B. Owen, Central Mutual Casualty Co., 1320 Walnut, Kansas City 6, Missouri, Baltimore 1-5323.

## Inland Marine Pace To Be Eyed By N.Y. Panel

The workshop committee of Inland Marine Underwriters Assn. is sponsoring a panel discussion April 20 at the Hotel Biltmore, New York. The subject will be "Have We Kept the Pace?" T. B. Kelley, U.S. manager of Commercial Union-North British and president of the association, will be moderator.

Panelists will be L. M. Baldwin, vice-president Travelers, representing the viewpoint of the entire business; E. J. Brill, associate manager inland marine burglary and glass department Royal-Globe, representing inland marine; Roland H. Lange, vice-president and assistant to the president Hartford Fire, representing fire; Julian A. Lenke, Cincinnati, chairman of the property committee National Assn. of Insurance Agents, representing the agents' point of view; and William Morpeth, vice-president Great American, representing casualty.

## C. V. Starr Appoints Marketing Director

Robert R. Wallingford has been named director of marketing services of C. V. Starr & Co.



Robert R. Wallingford

Mr. Wallingford, who will be in charge of advertising, public relations, and market research and planning, had been an account executive for Young & Rubicam. He has also been with Continental Casualty in Chicago, Guardian Life in New York, and with American College of Life Underwriters.

## Advanced Health Seminar To Be Held At Purdue

An advanced health insurance underwriting clinic is being conducted April 19-21 by the Purdue Institute in cooperation with International Assn. of Health Underwriters.

Speakers and their subjects Wednesday will be Bruce Gifford, managing director of IAHU; Ralph K. Lindop, New York, insurance company consultant, "Programming Health Insurance;" Robert W. Osler, president Underwriters National, "Integrated Programming of Life and Health Insurance;" and Edwin B. Thurman Jr., manager of advanced underwriting Continental Assurance.

Appearing on the program Thursday will be William Harmelin, Continental Assurance, New York, "Business Uses of Health Insurance" and "Disability in Buy-out;" and John B. English, Chicago regional manager of Springfield F&M., "How to Sell Health Insurance—Philosophy and Technique." Pasquale Quarto, Research & Review, will moderate a workshop session.

On Friday, M. Herman Adelman, Fidelity Interstate Life, Reading, Pa., will tell "How To Sell Health Insurance" and Carl A. Ernst, North American L&C, director of A&S, will present "A Clear Vision of the Future."

Tuition, which includes all supplies, is \$75. Inquiries may be made to Hal L. Nutt, director, Life Insurance Institute, Purdue University, Lafayette, Ind.



## Farmowners Filed In 5 Midwest States

(CONTINUED FROM PAGE 1)

finally the new packages. They are, of course, closely modeled on the homeowners contracts, and Mr. Scott said that one of the reasons for the delay was a desire to avoid, as much as possible, the changes and confusion in the dwelling package field. The program was also complicated by the fact that a farm presents a combination of business and habitation exposures and by the desire of Inter-Regional Insurance Conference to develop it for nationwide adoption.

As is true with other package programs, here is a basic policy, to which will be added the proper forms. For property coverage, there are two optional forms, one providing fire, extended coverage and theft and the other the equivalent of dwelling broad coverage. Mandatory items are cover on the dwelling, garage, unscheduled personal property pertaining to the dwelling, on and off premises, and additional living expenses. Cover on farm outbuildings, equipment and secondary residences is optional.

### Coverage Described

The liability insurance is the equivalent of the present farmers comprehensive personal liability contract, including \$250 medical payments, \$250 physical damage to property, incidental custom farming and reciprocal exchange of labor cover. Employers liability and full custom farming coverage are optional.

Both property coverages include \$100 fire department charges protection. The term is three years. The contract is intended for farm owners who supervise farm operations, including tenant operation under the owner's direct management and operation by contract. Co-owners who do not live on the farm may be covered and a tenant form is in preparation, but is not part of the present filing. The principal ineligible risks are those primarily engaged in raising produce for processing and sale by insured, freezing and dehydrating plants and those raising horses for racing. Dairy farms are eligible.

Minimum amount of insurance, similar to the homeowners situation, is \$8,000 on the dwelling, with 10% applying to garages and additional living expense and 40% applying to unsched-

uled personal property, and 10% of that sum, subject to a \$1,000 minimum, applying off the premises. The minimums for farm buildings and farm personal property are each \$10,000. The minimum liability limit is \$10,000.

The deductible rules aroused a number of questions from the audience. Mr. Scott explained that the intent is that the rule of each state for windstorm and other deductibles and for their removal shall be followed. There are two deductible clauses, each of \$50. One applies to windstorm and may be eliminated or bought back under the applicable state rules. The other applies to all losses except fire, lightning and windstorm and may be eliminated. There is a modified franchise clause. Under it, as to losses between \$50 and \$500, 111% of the amount over \$50 is paid, the clause not operating as to losses of \$500 and over.

F. O. Waller, Galva, Ill., presided at the breakfast. K. H. Parker of Inter-Regional Insurance Conference at New York spoke briefly, pointing out the competitive advantages of the program.

Plans to file the farmowners program were reported last January in THE NATIONAL UNDERWRITER. At that time, the managing committee of Farm Underwriters Assn. noted that the policy was the most time-consuming project ever undertaken by the association.

## Great American Has 3 New Secretaries

Great American and American National Fire have elected Robert S. Sillery, Rodney A. Wasmuth, and Frank A. Peterson Jr. secretaries. They have been assistant secretaries.

Mr. Sillery spent several years in the field before going into the automobile underwriting department at the home office. He assists A. J. Weckerle, vice-president, in supervising the automobile division with particular responsibility for the select driver underwriting unit.

Mr. Wasmuth was in the field and in the western department at Chicago before becoming manager of Michigan at Detroit. Earlier this year he was transferred to the home office to assist Walter R. Ewald, vice-president, in the agency department.

Mr. Peterson assumed administrative responsibilities in the western department in 1954 after several years in the Michigan and Indiana fields. He continues in the western department.

## Retires After 40 Years With Hartford Accident

Arthur C. Leonard, special agent of Hartford Accident at Los Angeles, retired March 31, under the company's pension plan after more than 40 years service. He joined the Hartford group in San Francisco where he was payroll auditor and casualty underwriter before being transferred to Los Angeles in 1926. In 1948 he was advanced to city special agent in the Los Angeles metropolitan area.

### To Resume Ind. Exams

The Indiana department will resume license examinations for fire and casualty agents about May 1. It is understood there are 1,021 applications stacked up since the examinations were suspended by Harry McClain when he took office as the new commissioner. Mr. McClain contended the

examining procedure was obsolete, and he has made a number of changes. The life insurance people did not have their examinations suspended.

## Farm Bureau Mutual, Mo. Promotes R. A. Mansur

Robert A. Mansur has been named fiscal and operations director of Farm Bureau Mutual of Missouri. He will supervise activities in accounting, statistics, tabulating, policy service, records and files, and procedures and forms. He previously headed the accounting and statistical department, which has been merged with the systems and services department.

## Into Receivership

Western Standard Indemnity of Denver has been placed in receivership by District Judge Horan. Commissioner Beery revoked the company's license March 22, and that action was uncontested. Western Standard Indemnity ceased writing new business and began cancelling off what it had on the books last October.

## Stern To Address ASIM

New York chapter of American Society of Insurance Management will hold its monthly meeting April 27 at the Sheraton-Atlantic. Speaker will be Deputy Commissioner Stern of New Jersey.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, April 11, 1961

	Bid	Asked
Aetna Casualty	126	130
Aetna Fire	107	109
American Equitable	22½	23½
American, Newark	31	32
American Motorists	17¼	18½
Boston	34	35¼
Continental Casualty	109	111
Crum & Forster	86	88
Federal	71	73
Fireman's Fund	59	61
General Re.	136	142
Glens Falls	40	41½
Great American	59½	61
Hartford Fire	64½	66
Hanover	43	44½
Home of N. Y.	56½	58
Ins. Co. of No. Amreica	87	89
Jersey Ins.	33	34½
Maryland Casualty	41	42½
Mass. Bonding	42	44
National Fire	127	131
National Union	45	46
New Amsterdam Cas.	74	76
New Hampshire	58	60
North River	42½	44
Ohio Casualty	29	30½
Phoenix, Conn.	91	93
Prov. Wash.	41	43
Reins. Corp. of N. Y.	26	28
Reliance	64½	66½
St. Paul F.&M.	73	75
Springfield F.&M.	39½	41
Standard Accident	61½	63
Travelers	117	119
U. S. F.&G.	53	54½
U. S. Fire	33	34½

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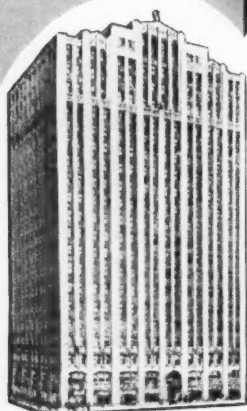
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## JACKSON-FRANKLIN

## Apartment Owners Policy Is Filed By General Of Seattle

General of Seattle is introducing its apartment owners policy in Washington, California, Arizona and Nevada and is filing it on a nationwide basis beginning with states where General's retailers policy is being marketed.

The apartment owners policy is aimed at a market in which a third of the nation's population is renting and where the outlook is for increases in the renting population under 24 years of age and older than 65. The policy covers basic property and liability needs of the apartment owner. Optional coverages include rental income, automobile non-ownership, glass, and business medical. In addition, a special all risk coverage endorsement is available for the covered buildings and contents. Fire and EC, vandalism and malicious mischief, and burglary are written for the fire and EC rate. Deviations in the package range up to 20%.

In addition to the basic coverages there are several extensions of coverage: (1) Replacement cost provision—new for old on losses under \$1,000 or where the insured carries insurance at least 80% to replacement cost; (2) 5% extension of coverage on contents while elsewhere or in transit; (3) additional expense coverage up to \$1,000 to maintain normal service; (4) automatic coverage to \$5,000 on improvements for 60 days; (5) \$1,000 coverage on lawns, trees, plants and shrubs.

## Md. Casualty In S. F., Milwaukee Changes

With the election of John G. Bauernschmidt II as vice-president in charge of west coast operations, Harry A. Edmark succeeds him as resident manager at Milwaukee. Mr. Bauernschmidt succeeds T. W. Michels at San Francisco, who has retired for reasons of health after 35 years of service.

Mr. Bauernschmidt joined the company in 1927, was special agent, assistant bond manager at Philadelphia and bond manager at Buffalo, and then went to Detroit as assistant manager. Nine years ago he became manager at Milwaukee. Mr. Edmark has been assistant manager at Milwaukee since 1958. He joined the company at Milwaukee in 1952 and was production manager three years before becoming assistant manager.

## Senate Committee To Take Up Insurance Again

Though no announcement of the specific subject matter is expected for several weeks, it has been confirmed that the Senate anti-trust and monopoly subcommittee will again take up its inquiry into insurance regulation and competition. With the retirement from the Senate of Sen. O'Mahoney, Sen. Dodd will act as chairman for the hearings when they resume. Sen. Ke-fauver is chairman of the subcommittee. However, he designated Sen. O'Mahoney to guide the previous investigation and hearings.

One topic suggested in the past for inquiry which the subcommittee has not yet taken up is credit coverage, life and A&S.

## NAIC Survey Explores Pay Formula Between Blue Cross, Hospitals

Commissioner Sears of Maryland, chairman of National Assn. of Insurance Commissioners' subcommittee to study the problems of reimbursement formulae between hospitals and non-profit hospital service associations, has directed a questionnaire to all commissioners and Blue Cross plans, the purpose of which is to obtain a national picture of current thought, practices, and problems in the field of the subcommittee's area of operation.

Blue Cross plans are being asked to supply factual information regarding their current practices, but the major portion of the questionnaire is in the form of an opinion survey.

The survey covers such questions as payment to hospitals for medical services, variation in payments based on characteristics and location of hospitals, ceilings on per diem hospital charges, funding of depreciation allowances, provision for hospital losses on indigent patients and types of reimbursement formulae preferred.

Respondents are being requested to return the survey by April 17 so that a summary may be prepared for use as a basis of discussion of Blue Cross hospital reimbursement problems at the June 4 meeting of NAIC.

## M&C Rates Revised In Pa.

National Bureau has revised M&C BI rates in Pennsylvania, effective April 12. The changes, which vary by classification, result in an average increase of 7.4%.

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## Gives Results Of Nationwide Surveys Of Auto Renewals

(CONTINUED FROM PAGE 2)

other indication of the public's lack of information about insurance and actual indifference to insurance matters.

It was discovered that 17% of non-renewals were caused by the fact the policyholder had sold his automobile. Three percent didn't renew because of deaths, and 19% had moved away. The 19% figure was more than double what had been learned from the mail surveys, indicating that in earlier surveys the company couldn't get at the root of the problem because it couldn't reach a number of former insured.

Nine percent of the non-renewals failed to keep up their insurance for financial reasons, and 14% felt they were receiving poor service from the company or its agents or claim men.

The surprising statistic, Mr. Kyle said, was that 45% of persons interviewed said they had not renewed by oversight of some kind and these people actually reinstated their insurance. In the mail survey these percentages had been much smaller.

Among the things this taught Nationwide, even before the company has had a chance to evaluate the survey, is that policyholders are most likely to renew if they are given attention of almost any kind. If the agent or the company shows interest in the policyholder and communicates with him, the chances are the policyholder will do the right thing at the right time. This doesn't mean a vast public relations program, Mr. Kyle explained, it means simple communication.

It was also learned that almost all cancellations were by policyholders who carried automobile insurance only, not by those with fire, life or other coverages in the Nationwide group. Indications are that the auto-only policyholders are a mobile group, but those with a multiple line insurance program tend to stay with it.

Mr. Kyle said he would expect that two major recommendations at least would come from what has been learned in the personal interview survey—that more face to face agent-insured communication is needed, and that the company should adopt a better billing procedure.

## Hartford Fire Sets Up SMU Scholarship

Hartford Fire group has established a full tuition annual scholarship at

Southern Methodist University, Dallas. President James C. Hullett said the scholarship at SMU, which becomes effective for the 1961-62 academic year, is part of the group's continuing program of creating educational scholarships in areas where its departmental headquarters are located. The group's southwestern department is in Dallas. Trinity College in Hartford also offers a similar scholarship sponsored by the group.

Full tuition and college fees will be paid by Hartford Fire during the scholarship winner's four years at SMU. The grant will be awarded to a freshman candidate from several nominees recommended by college officials. A new scholarship will be given each year.

It is planned that scholarship recipients shall have the opportunity to work at a regular salary for the Hartford group during vacations and summer recesses.

The Hartford scholarships at SMU are available to prospective SMU freshmen who both qualify for the award and meet the requirements for maintaining the scholarship.

## Urges Agent Support Of Teen-Age Drivers

In a talk at Buffalo 1-Day Morris Himmel, of the Freedman agency, Buffalo, urged agents' support of efforts by teenagers to reduce accidents among their age group. He sketched the history and accomplishments of the annual Erie County teen-age traffic safety conference and pointed out that these discussions had demonstrated the willingness of class 2 drivers to accept responsibility for the bad experience within their class.

Mr. Himmel suggested that agents create a speakers bureau on the subject of traffic safety, and that the services of this bureau be available to all high schools belonging to the conference.

He emphasized that agency support of today's class 2 drivers could win tomorrow's class 1 drivers away from the direct writers. "The life you save probably won't be your own," he told the agents. "However, it may be your son's or daughter's."

## Harford Mutual Names Two

Harford Mutual has appointed Donald L. Hoover special agent for North Carolina with headquarters at Greensboro.

Stanford L. Kunkle has been named an underwriting assistant in the home office casualty department. He was formerly at the home office of New Amsterdam Casualty.

## Independent Filing Pitfalls Related At Chicago Rally

(CONTINUED FROM PAGE 7)

ing rating organizations."

He said independent insurers and a large part of the mutual segment of the industry need something which can build for them an image of respect and prestige, similar to the work that Inter-Regional Insurance Conference is doing for the stock bureau companies.

"Whether this task is best to be accomplished through extension of an existing agency or by setting up yet another organization can be debated. Nevertheless, the need for the job to be done is beyond the slightest shadow of doubt," he declared.

## Other Participants

Also participating in the workshop were Henry L. Moffett, vice-president and secretary of Keystone, and James Rathbun, underwriting manager of Michigan Farm Bureau Mutual.

Mr. Moffett reviewed the experience of homeowners' policies. He reported that in A, B and C forms the NAII experience has been better than that of other groups and that there was an appreciable decrease in the NAII loss ratio from 1958 to 1959. He praised the homeowners' program, but he said he hoped that any changes in it would be in the right direction and would not be made by premium-greedy companies which broaden forms and cut prices without data to support their filings.

The farmowners' program of Michigan Farm Bureau Mutual was de-

scribed by Mr. Rathbun. The policy consists of four parts: 1. dwelling, contents and theft; 2. farm liability; 3. blanket farm personal property; and 4. farm outbuildings. The basic parts are 1 and 2, he said, and the premiums are indivisible.

Mr. Rathbun said that his company gives a 20% discount on dwelling and contents and there is a \$100 deductible on all perils. He said that he did not believe a discount is necessary if a package is already competitive.

## Corrin Joins American As L.A. Bond Manager

Harry J. Corrin has joined American as bond manager at Los Angeles.

After 10 years with Dun & Bradstreet, Mr. Corrin entered the bond department of Great American in 1956 and subsequently became the manager of that department. In 1960 he joined Hartford Accident and was assistant superintendent in its bond department before going with American.

## Nugent Appointed Court Administrator At Yonkers

Edward J. Nugent, traffic consultant for Insurance Institute for Highway Safety since its establishment two years ago, has been appointed court administrator of Yonkers, N.Y. From 1953 to 1957 he was traffic consultant for the Insurance Industry Committee on Motor Vehicle Accidents in New York State.

When the work of this committee was completed, he joined the accident prevention department of Assn. of Casualty & Surety Companies. He continued there until 1959.

## LONG HAUL

TRUCK INSURANCE

Liability

Physical Damage

## MID-STATES

General Agency, Inc.

HOME OFFICE  
1911 1ST. AVE., N.  
FORT DODGE, IOWA

BRANCH OFFICE  
Board of Trade Bldg.  
KANSAS CITY, MO.

AFFILIATED OFFICE  
3262 SUL ROSS  
HOUSTON 6, TEXAS

INQUIRIES INVITED

# reinsurance

intermediaries exclusively

FIRE • CASUALTY

# STUYVESANT

INSURANCE COMPANY

established in New York in 1850

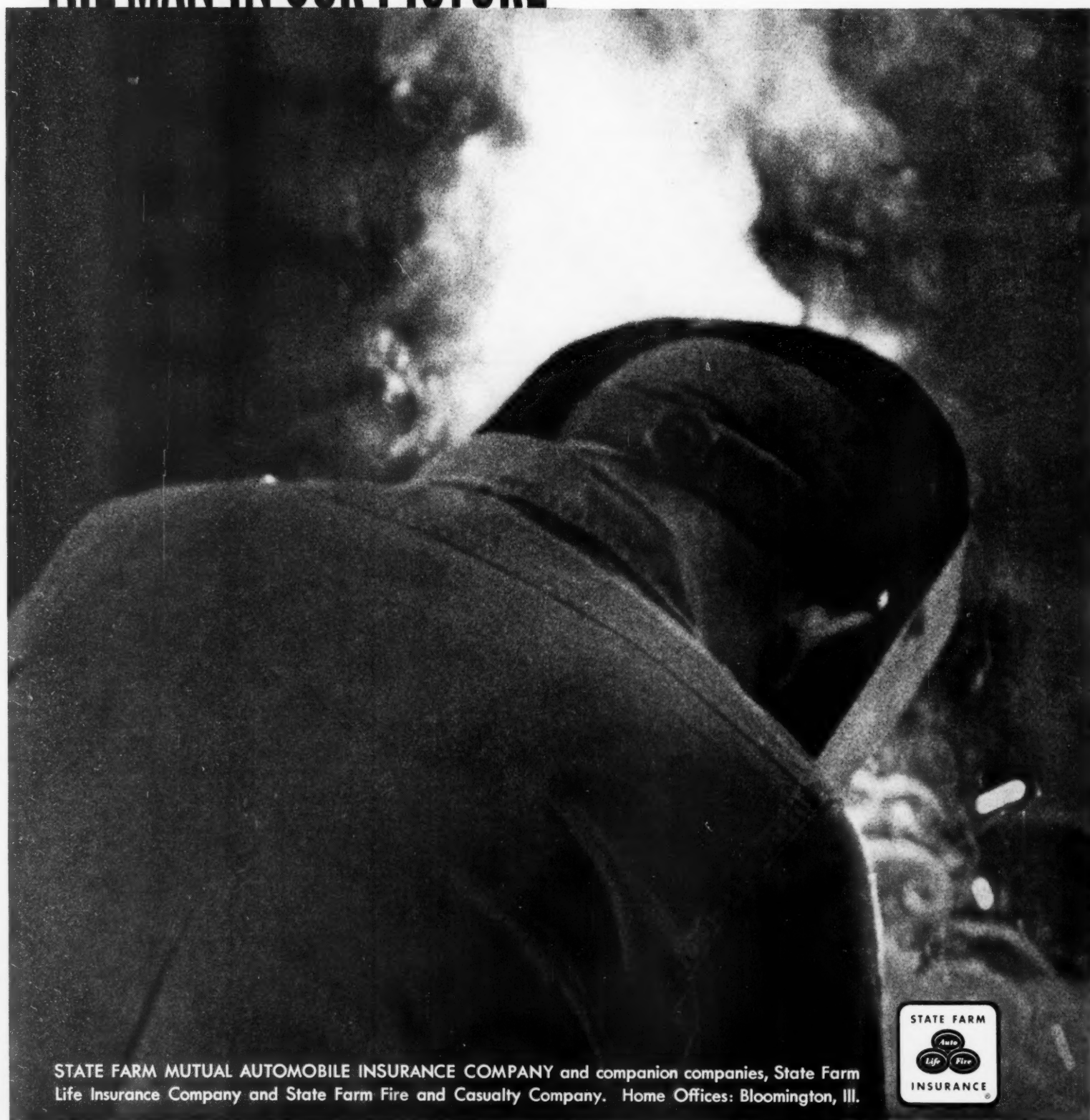


EXECUTIVE OFFICES 1105 HAMILTON STREET, ALLENTOWN, PA.


Who is he? Editors call him the Backbone of America. Politicians call him the Majority Vote. Economists call him the big Middle Income Market.

He's a prominent man in the State Farm picture. Our agents write much of his car insurance—and as a result are serving at the same time his long unfilled needs for life and home insurance. For him, our agent is the Family Insurance Man. With buyers in higher economic levels too, the same State Farm agent has ably earned his reputation as a man who knows his business and does it well.

## THE MAN IN OUR PICTURE



STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY and companion companies, State Farm Life Insurance Company and State Farm Fire and Casualty Company. Home Offices: Bloomington, Ill.



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